

# TUTDoR

## Assessing public private partnership in local government: A case study of the Bushbuckridge Local Municipality

Item Type	Thesis
Authors	Malapane, Anthony Tshwarelo
Publisher	Tshwane University of Technology
Rights	CC0 1.0 Universal
Download date	2025-04-22 12:49:27
Item License	<a href="http://creativecommons.org/publicdomain/zero/1.0/">http://creativecommons.org/publicdomain/zero/1.0/</a>
Link to Item	<a href="https://hdl.handle.net/20.500.14519/1461">https://hdl.handle.net/20.500.14519/1461</a>

**ASSESSING PUBLIC PRIVATE PARTNERSHIPS IN LOCAL  
GOVERNMENT: A CASE STUDY OF THE BUSHBUCKRIDGE  
LOCAL MUNICIPALITY**

by

**ANTHONY TSHWARELO MALAPANE**

**206086963**

Submitted in fulfilment of the requirements for the degree  
**MAGISTER TECHNOLOGIAE: PUBLIC MANAGEMENT**

in the

Department of Public Management

FACULTY OF HUMANITIES

**TSHWANE UNIVERSITY OF TECHNOLOGY**

Supervisor: Prof EJ van Rooyen

30 OCTOBER 2012

## **Declaration**

“I hereby declare that the dissertation submitted for degree M-TECH in Public Management at Tshwane University of Technology is my own original work and has not previously been submitted to any other institution of higher education. I further declare that all sources cited or quoted are indicated and acknowledged by means of a comprehensive list of references”.

A.T. Malapane

## **Dedication**

I dedicate the dissertation to my parents Leonard Malapane and Juliet Mosuma for their patience and love in shaping me into the kind of person I am today. To my son Christophor Tshenolo Malapane may this be a motivation to you. Moreover, may this study be an inspiration and motivation to all young disadvantaged Africans who have a passion for education.

*Quotation: Intelligence plus character: Those are the goals of a better education.* Dr Martin Luther King, Jnr

## **Acknowledgements**

I would like to express my sincere gratitude and appreciation to: Prof Enslin J. van Rooyen for having been an outstanding supervisor during the writing of the dissertation and Prof David M. Mello, the Head of the Department of Public Management for his support at all the stages of conducting the study.

Special thanks go to: The National Research Foundation (NRF) and the Tshwane University of Technology (TUT) for funding the project;

Kgopotso Munku for her support as my partner and best friend at all times when I am in need of support and courage. The Bushbuckridge Local Municipality for giving me access to information to conduct research, not forgetting the librarian, Mr Modibe who was always available when I needed assistance. Moreover, to the rest of the Public Management team for their support and to being treated as one of their team. Furthermore, thanks go to Kabelo Maleka and Annah Mokgadinyane for the journey we took together from the start of our projects until the end.

Finally, to all my friends and family who played direct and indirect roles to ensure that the study would be a success. In addition, thanks to the environment for giving me courage, criticism, pressure and ability to continue doing my best and believing in me.

*For the LORD Almighty be praised because he is GOD.*

*Jesus quickly held him and said; you of little faith why doubt- Matthew 14: 31*

**ASSESSING PUBLIC PRIVATE PARTNERSHIPS IN LOCAL  
GOVERNMENT: A CASE STUDY OF THE BUSHBUCKRIDGE LOCAL  
MUNICIPALITY**

**by**

**ANTHONY TSHWARELO MALAPANE**

**206086963**

**Degree** : Magister Technologiae (Public Management)

**Department** : Public Management

**SUPERVISOR** : Prof Enslin J. van Rooyen

**SUMMARY**

There is a growing trend to utilise Public Private Partnerships as an Alternative Service Delivery option as well as to promote socio-economic development and sustainable livelihoods in South Africa. Public Private Partnerships are viewed as effective tools to enhance quality service delivery and to stimulate socio-economic development in local communities. Public Private Partnerships are endorsed by the National Treasury PPP-unit as a recommended alternative service delivery option. However, as Public Private Partnership is a fairly recent phenomenon in South Africa, particularly in local government, it is too early to draw a reliable conclusion on their merits and demerits.

The focus of the dissertation is on Public Private Partnerships in local government. Accountability mechanisms in the partnerships and with local communities will be evaluated. It pays *en passant* attention on the reciprocal process of accountability. Questions raised in

the study include: Is Public Private Partnership a viable Alternative Service Delivery (ASD) option in Local Government? Are accountability mechanisms in Public Private Partnerships in Local Government effective? Is the role of the private sector in Public Private Partnerships valuable? Is public participation in PPP in local government effective?

Essentially, case studies on PPP projects in the Bushbuckridge Local Municipality are selected and formed part of the study. In addition to that, the research method and design applied in the dissertation are qualitative in nature. The researcher therefore conducted interviews and included this as part of the primary and empirical research method. Desktop studies formed secondary research resources. To this end, among others the study has realised that PPP could be an ASD option worthy of consideration in local government.

## **LIST OF TABLES**

Table 2.1: Differences between qualitative and quantitative research methodologies

Table 3.1: The four identified types or options of PPPs

Table 3.2: A simplified PPP process

Table 3.3: Contract management stages

Table 4.1: Prioritised National/ Provincial Departments and Statutory Organizations for the Government Office Complex /Civic Node in Bushbuckridge

## **LIST OF FIGURES**

Figure 4.1: Development area of the BLM identified by the URP team

Figure 4.2: Design of One-Stop Government Complex Facility

Figure 6.1: Suggested model for promoting in Public Private Partnerships in a municipality



## Abbreviations

ASD	Alternative Service Delivery
BLM	Bushbuckridge Local Municipality
BTO	Build Transfer Operate
CBD	Central Business Development
IDP	Integrated Development Plan
LED	Local Economic Development
MMTF	Multi Modal Transport Facility
OSGC	One Stop Government Complex
PPPs	Public Private Partnerships
PPP	Public Private Partnership
URP	Urban Renewal Project (Programme)

# CONTENTS

<b>ACKNOWLEDGEMENT</b>	iii
<b>SUMMARY</b>	iv
<b>LIST OF TABLES</b>	v
<b>LIST OF FIGURES</b>	vi
<b>GLOSSARY</b>	vii

## CHAPTER 1

### **THE HISTORY AND BACKGROUND OF PUBLIC PRIVATE PARTNERSHIPS IN LOCAL GOVERNMENT WITH REFERENCE TO THE BUSHBUCKRIDGE LOCAL MUNICIPALITY**

<b>1.1 Introduction</b>	1
<b>1.2 The historical background of Bushbuckridge Local Municipality (BLM)</b>	2
<b>1.3 Perspective on the South African government</b>	4
<b>1.4 Public Private Partnerships (PPPs) as an Alternative Service Delivery (ASD) option in South Africa</b>	6
<b>1.6 Conclusion</b>	10

## CHAPTER 2

### **RESEARCH METHODOLOGY**

<b>2.1 Introduction</b>	12
-------------------------	----

<b>2.2 Purpose of the research</b>	13
<b>2.3 Types of research</b>	13
2.3.2 Applied research	14
2.3.1 Basic research	14
<b>2.4 Primary and secondary data</b>	14
<b>2.5 Research methodologies</b>	15
2.5.1 Differences between qualitative and quantitative research methodologies	15
2.5.2 Characteristics of the qualitative research methodology	17
<b>2.6 Ethical issues</b>	18
2.6.1 Respect for persons involved	18
2.6.2 Respect for truth	18
2.6.3 Openness	19
2.6.4 Record keeping	19
<b>2.7 Literature review</b>	19
<b>2.8 Research methodology and design applied to the dissertation</b>	20
2.8.1 Motivation for the study	20
2.8.2 Problem statement	21
2.8.3 Research questions	21
2.8.4 Objectives and purpose of the study	22
2.8.5 Research method and design	23
2.8.5.1 Qualitative research method	23
2.8.5.2 Limitations of the study	24
<b>2.8.6 Outline of chapters</b>	24

<b>2.9 Conclusion</b>	25
-----------------------	----

## **CHAPTER 3**

### **CONTEXTUALISING PUBLIC PRIVATE PARTNERSHIPS WITHIN THE SCIENTIFIC DOMAIN OF PUBLIC ADMINISTRATION**

<b>3.1 Introduction</b>	26
<b>3.2 A brief perspective on public administration</b>	27
<b>3.3 Accountability in local government</b>	28
3.3.1 Definitions of terms	29
3.3.2 Accountability as outlined in the Constitution of the Republic of South Africa, 1996	30
3.3.4 Basic values and principles governing public administration	31
<b>3.4 Batho Pele principles</b>	31
<b>3.5 Administrative functions of public administration</b>	33
<b>3.6 Local government in South Africa</b>	38
3. 6.1 Definitions of concept	38
3.6.2 Understanding developmental local government	39
3.6.3 Main aims of developmental local government of South Africa	40
3.6.4 Objectives of local government in South Africa	41
3.6.5 The perspective of an IDP towards local government development	42
<b>3.7 Public Private Partnerships (PPPs) as Alternative Service Delivery (ASD) options</b>	43
3.7.1 Clarification on terms	44
3.7.2 Understanding PPPs as a vehicle to procure services in local government	45
3.7.2.1 The four types of PPPs	46
3.7.2.2 Characteristics of PPPs in local government	46
3.7.2.3 Establishing an enabling environment for Public Private Partnerships (PPPs)	47

3.7.3 Legislation supporting PPPs in local government	48
3.7.4 The three basic requirements for PPPs	51
3.7.5 The general principles governing Public Private Partnerships	53
3.7.6 Public Private Partnerships (PPPs) process in local government	55
3.7.7 Challenges and constraints of PPPs in local government	56
<b>3.8 Mechanisms to promote Accountability in Public Private Partnerships (PPPs) in local government</b>	<b>57</b>
3.8.1 Public participation as a mechanism for accountability in PPPs	57
3.8.1.1 Definitions of terms	57
3.8.1.2 Overview of public participation	58
3.8.1.3 Public participation in local government service delivery	59
3.8.1.4 Objectives and problems related to public participation	60
3.8.1.5 Various theories of or views on public participation in local government	61
3.8.1.6 Methods and mechanisms to improve public participation	62
3.8.2 Contract management as a mechanism for accountability in PPPs	63
3.8.2.1 Understanding contract management	63
3.8.2.2 Contract management stages	65
3.8.2.3 Role-players in contract management in a municipality	66
<b>3.9 Conclusion</b>	<b>69</b>

## **CHAPTER 4**

### **PRESENTATION OF CASE STUDIES OF PUBLIC PRIVATE PARTNERSHIPS (PPPs) IN THE BUSHBUCKRIDGE LOCAL MUNICIPALITY**

<b>4.1 Introduction</b>	<b>70</b>
<b>4.2 Context of the Urban Renewal Project in Bushbuckridge Local Municipality</b>	<b>71</b>
<b>4.3 Presentation of the three case studies of PPPs under the Urban Renewal Projects in BLM</b>	<b>73</b>

4.3.1 Case study 1: Tourism Precinct project	74
4.3.1.1 Partners in the Public Private Partnership (PPP) agreement	74
4.3.1.2 Brief context of the Tourism Precinct	75
4.3.1.3 Motivation behind the Public Private Partnership (PPP) project	75
4.3.1.4 Size of the property	76
4.3.1.5 Participants in the project	77
4.3.1.6 Type of partnership between the two (2) parties in the agreement	77
4.3.1.7 Funding for the project	79
4.3.1.8 The Tourism Precinct as part of the development of and transformation within the Municipality	79
4.3.1.9 Public participation in the Tourism Precinct	81
4.3.1.10 Duration of the Public Private Partnership in the project	81
4.3.2 Case Study 2: Multi Modal Transport Facility (MMTF)	82
4.3.2.1 The context of the Multi Modal Transport Facility	82
4.3.2.2 Participants in the MMTF project	83
4.3.2.3 Objectives of the MMTF project	84
4.3.2.4 Partners in the Public Private Partnership (PPP) project	85
4.3.2.5 Type of partnerships in the Multi-Modal Transport Facility	86
4.3.2.6 Duration of the Public Private Partnership project	87
4.3.2.7 Funding for the PPP project	87
4.3.2.8 Sustainability of the Multi-Modal Transport Facility	87
4.3.2.9 Envisaged outcomes of the Multi- Modal Transport Facility	88
4.3.3 Case Study 3: One-Stop Government Complex Facility (OSGF)	88
4.3.3.1 Partners in the Public Private Partnership (PPP) project	88
4.3.3.2 Contextualisation of the One-Stop Government Complex Facility	89
4.3.3.3 Type of partnership in Public Private Partnership project	90
4.3.3.4 Duration of PPP project	91

4.3.3.5 Funding of the One-Stop Government Complex Facility project	91
4.3.3.6 Participants in the One-Stop Government Complex Facility	92
4.3.3.7 Sustainability of the One-Stop Government Complex Facility	93
4.3.3.8 Envisaged outcomes of the One-Stop Government Complex Facility	93
<b>4.4 Conclusion</b>	<b>98</b>

## **CHAPTER 5**

### **RESEARCH FINDINGS**

<b>5.1 Introduction</b>	<b>99</b>
<b>5.2 Summaries of the three case studies of PPP projects in the BLM</b>	<b>99</b>
<b>5.3 Public private partnerships as a vehicle for procuring services in the Municipality</b>	<b>101</b>
<b>5.4 Three basic tests or requirements for PPPs</b>	<b>102</b>
<b>5.5 Sustainable development</b>	<b>105</b>
<b>5.6 Integrated Development Plan (IDP) of the municipality</b>	<b>106</b>
<b>5.7 Socio-economic Development</b>	<b>107</b>
<b>5.8 Enabling environment for the PPP projects</b>	<b>108</b>
<b>5.9 Public participation in the PPP projects in the BLM</b>	<b>109</b>
<b>5.10 Contract management in three PPP projects</b>	<b>113</b>
<b>5.11 Benefits of the three PPP projects for the BLM</b>	<b>117</b>
<b>5.12 Conclusion</b>	<b>117</b>

## CHAPTER 6

### CONCLUSION AND RECOMMENDATIONS/ MODEL

<b>6.1 Conclusion</b>	118
6.1.1 Summary of the chapters	118
6.1.2 Key research findings of the study	120
6.1.3 Lessons learned from case studies	123
<b>6.2 Recommendations</b>	123
<b>6.3 Suggested model</b>	126
6.3.1 Important aspects of the suggested model	128
 <b>BIBLIOGRAPHY</b>	 129-138



## **Chapter 1**

# **THE HISTORY AND BACKGROUND OF PUBLIC PRIVATE PARTNERSHIPS IN LOCAL GOVERNMENT WITH REFERENCE TO THE BUSHBUCKRIDGE LOCAL MUNICIPALITY**

### **1.1 Introduction**

In a democratic country, government receives a mandate from its constituencies. The constituencies give the government of the day a mandate by exercising their democratic rights through a voting process. Theoretically, the constituencies ensure that an accountable government is in office. At election time, politicians propose plans for implementation of service delivery in their manifestos. The constituents choose to vote for those parties or individual candidates, who spell out priorities in their manifestos. By voting a party into government, the constituencies issue a mandate. The parties or individual candidates are obliged to this mandate to deliver on their proposed courses of action for service delivery.

Service delivery that is at the centre of every government agenda is a critical issue. The South African government is aware of the fact that service delivery will continue to be a challenge (Burger, 2009) and it is mindful of the fact that some of the backlogs that emanated from the past apartheid regime, are still in existence. The South African government has of scarce resources and inadequate capacity, which need to be addressed. It has to consider new approaches and systems to ensure that the country's citizens receive appropriate, quality services and experience sustainable development.

This chapter will focus on the background and history of Public Private Partnerships in local government with reference to the Bushbuckridge Local Municipality. The chapter provides

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

perspective on the history background of the Bushbuckridge Local Municipality, the South African public sector, accountability in local government, and on Public Private Partnerships (PPPs) as an Alternative Service Delivery (ASD) option.

## **1.2 The historical background of Bushbuckridge Local Municipality**

The Bushbuckridge Local Municipality (BLM) is located in the Mpumalanga Province of South Africa. The area was named Bushbuckridge during the 1880s, when a large herd of antelope roamed the area. During 1884, Bushbuckridge became the centre of commercial farming, which was the main generator of income. Crops included tobacco, cotton and vegetables. Currently, agriculture remains the primary livelihood for the inhabitants of Bushbuckridge, where the communities are engaged in both subsistence and commercial farming (USAID, 2005:1).

Bushbuckridge prior to 1994, was one of the segregated settlements found within the Eastern Transvaal Province. The area formed part of the former homeland areas of Gazankulu, Lebowa and Kangwane (USAID, 2005:1). Geographically, the Bushbuckridge area includes the Sabie River and Sand River. As the BLM was part of the former segregated settlements. It was faced with a challenge of extracting as much as possible from limited resources. Bushbuckridge Local Municipality was one of the most disadvantaged areas during the apartheid regime (USAID, 2005:1).

After the 1994 democratic elections, Bushbuckridge area became a disputed area in terms of the demarcation of provincial boundaries between Limpopo and Mpumalanga Provinces (Dlamini & Cousins, 2009:11). The Bushbuckridge area was initially zoned for the Limpopo Province, but subsequently the area has been re-zoned several times.

The larger portion of Bushbuckridge Local Municipal area is situated in Mpumalanga with a smaller portion in the Limpopo province. This uncertainty of tenure of the Bushbuckridge Local Municipality between the two provinces affected the local communities adversely. There was a lack of service delivery and the municipality did not receive sufficient support from the Limpopo

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

province. This explains why prior to the final repositioning of Bushbuckridge Local Municipality in the Mpumalanga province, the area was marginalized ([www.bushbuckridge.gov.za](http://www.bushbuckridge.gov.za)).

Currently, Bushbuckridge Local Municipality is one of sixteen municipalities that are classified as cross-boundary municipalities (Municipal Demarcation Act, 1998 (Act 27 of 1998)). The establishment of the cross-boundary municipalities has affected five of the nine South African provinces. The Municipal Demarcation Act, 2000 (Act 29 of 2000) was promulgated to deal with those municipalities classified as cross-boundary municipalities. Bushbuckridge Local Municipality in the Ehlanzeni District municipal authority is situated in the Lowveld area in the north east of Mpumalanga Province (Raab & Mayher, 2008:11). The Kruger National Park forms the eastern boundary of Bushbuckridge and the Limpopo province forms the northern boundary of the Municipality. A large part of the Bushbuckridge Local Municipality is rural, with only a small part been urban. Urban areas include Thulamahanshe, Acornhoek, Dwarsloop, Bushbuckridge, Marite and Mkhuhlu. The Municipality comprises three regions, namely Bushbuckridge north, Midlands and Bushbuckridge south with of 34 wards ([www.bushbuckridge.gov.za](http://www.bushbuckridge.gov.za)).

A large part of the Bushbuckridge Local Municipality consists of small villages, which depend on the small urban areas for business infrastructure and activities such as shopping centres and jobs (Raab & Mayher, 2008:11). Bushbuckridge Local Municipality is faced challenges relating to poverty alleviation. These challenges date back to the inclusion in the former homeland, because it was a segregated area.

The Municipal district covers 198 000 ha of land area, of which 1 970 ha is agricultural lands and 1 860 ha comprises residential areas and water bodies. Bushbuckridge Local Municipality has 135 settlements ([www.bushbuckridge.gov.za/about.html](http://www.bushbuckridge.gov.za/about.html)). The largest population group is Africans who make up an estimated 497 771 people, residing in Bushbuckridge followed by coloured people who number approximately 853 people and Indians/Asians who number approximately 109 people. Whites represent the lowest population group with approximately 334 people residing in Bushbuckridge ([www.bushbuckridge.gov.za/about.html](http://www.bushbuckridge.gov.za/about.html)).

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Among the estimated population of 720 000 in 2006/2007 the majority live in densely populated villages (Raab & Mayher, 2008:11). Some 61 percent of the population live in these villages, while 29 percent reside in small rural villages, and 9 percent live in small urban areas. Statistics supplied by Raab and Mayher illustrate that the majority of the Bushbuckridge population live in poverty.

According to Raab and Mayher (2008:11), the Bushbuckridge Local Municipality has classified 84 percent of the population as “indigent” earning less than R1 300 per household per month. The municipality has 37 commercial units (primary shopping centres), 13 dry industrial consumer units and the rest are residential. These statistics indicate that the Bushbuckridge Local Municipality has a small economic base.

### **1.3 A perspective on the South African system of government**

Prior to the 1994 regime, the South African government was regarded as the sole provider of services and goods to local communities. It delivered those services that it thought local communities needed. The approach that government employed was a closed system (Malefane, 2008:709), which means that major stakeholders were not involved in government’s decision-making processes. The private sector and local communities did not play a role in providing service delivery and guiding socio-economic development of South Africa. This closed system created a non-functional state that marginalized local communities.

The apartheid administration had a different operating system, which resulted in impoverished households. Local communities did not participate in the development of their communities’ sustainability. They were marginalized with no influence on the government’s decision-making. There was a general lack of service delivery to the majority of local communities (Nealer, 2007:159). These are some of the factors, which led to mobilization of the communities against the apartheid government. Opposition of local communities was instrumental in leading to South Africa’s first democratic elections in 1994.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Since the inception of the new administration, the country has faced service delivery challenges which date back to the former apartheid government. These challenges are characterised by inequalities and systems associated with that administration. The post-1994 democratic dispensation is faced with a challenge to narrow the gap between the previously marginalized local communities and those who benefited from the past regime (Nealer, 2007:148).

The new administration has a challenge to restructure the public service. According to Malefane (2008:709), the new administration adopted a new system known as named an Open System. The Open System allows the government to interact with the local communities and other stakeholders. The author is of the opinion that the open system approach has enabled the government to enact new representative policy as well as statutory documents and legislation, which is more representative of the new South African dispensation.

Under the post-1994 dispensation, new legislation has been introduced to ensure that the reconfiguration process is effective and efficient. A number of plans have been introduced in the process. These include among others RDP and GEAR. One of the first important initiative was the Reconstruction and Development Programme (RDP) adopted by the African National congress in 1994. The document outlines the programme of action of the new administration and it was a tool towards restructuring the Public sector (ANC, 1994).

Although the focus of the RDP may have been the final eradication of apartheid, the burning issues facing the majority were not ignored (ANC, 1994). Meeting the basic needs of local communities is an important aspect. Basic services outlined in the Reconstruction and Development Programme (RDP) include, amongst others housing and services, water and sanitation and health care. This gave the post-1994 dispensation the means to formulate other policy documents which came as a result of the failure of the RDP. In 1996, the new constitution was adopted. The Constitution of the Republic of South Africa, 1996 spells out the relationship between the three spheres of government and their distinction of powers. It explains the significance of every sphere of government in the South Africa, of which Local Government forms a part. Chapter 7 of the Constitution of the Republic of South Africa, 1996 outlines clearly the objectives and powers of the new local government.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

The legislative transformation of Local Government started in 1998 with the White Paper on Local Government, 1998. The White Paper on Local Government, 1998 laid the foundation for numerous Acts, which led to the enactment of other municipal policies. The ministry of Provincial Affairs and Constitutional Development 1998 generated this White Paper as well enactment of other policies, which include the White Paper on municipal service partnerships (Venter & Landsberg, 2006:155).

The White Paper on Local Government, 1998 also led to the enactment of the following municipal Acts:

- Local Government Municipal Structures Act, 1998 (Act 177 of 1998).
- Local Government Municipal System Act, 2000 (Act 32 of 2000).
- Local Government Municipal Finance Management Act, 2003 (Act 56 Of 2003)

In the enactment of these municipal Acts, Local Government defines Public Private Partnerships as part of its development strategy. According to the National Treasury PPP unit, Public Private Partnerships were acknowledged by Local Government, but it has emerged that there is still a need for guidelines for the implementation of this Alternative Service Delivery (ASD) option. There is a gap in the policies, legislation and guidelines to implement PPPs in local government, because PPPs are fairly recent in Local Government (National Treasury PPP Unit, 2010).

#### **1.4 Public Private Partnerships (PPPs) as an Alternative Service Delivery (ASD) option in South Africa**

Section 27 of the Constitution of the Republic of South Africa 1996, states that it is the right of every citizen to have access to service delivery. This presents a challenge to government because it has to consider Alternative Service Delivery (ASD) options. Government has realised a need to involve all stakeholders in a strategy to improve the quality and access to service delivery. This strategy has been successfully implemented in most developing and developed countries to improve the quality and access to service delivery.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

The government realised there was a need to involve the private sector's expertise, of lack of capacity and scarce resources. The involvement of the private sector takes on different forms under the umbrella term commercialization. According to Harding, (1997: 18) government's lack of resources is one of the factors that influenced the USA to move towards Privatization. The United States of America and other developed countries such as Britain and Canada, previously summoned the aid of the private sector to meet the needs of local communities.

The different activities that are classified under commercialization include privatization, outsourcing, contracting-out, and public private partnerships. This study will focus on one form of private sector involvement in government service delivery, which is Public Private Partnerships (PPPS). Public Private Partnership is the collaboration of the public and private sector to provided enhanced service delivery.

According to Moeti and Khalo (2008:219), South Africa has over the last few years adopted the practice of delivering certain services to local communities through Public Private Partnerships. Involvement of the private sector in service delivery first occurred in developed countries. Fourie (2006:926) writes that Public Private Partnerships appears frequently on national and international agendas that promote socio-economic development and sustainable livelihoods. South Africa adopted PPP as an Alternative Service Delivery (ASD) option from developed countries.

In April 1997, the South African cabinet approved the appointment of inter-departmental teams to develop policies, legislation and institutional reforms to encompass Public Private Partnerships. The strategic framework for Public Private Partnerships was enacted in December 2000 and in April 2000 Treasury regulations were published. The Treasury regulations were part of the Public Finance Management Act, 1999 (Act 1 of 1999) ([www.ppp.co.za](http://www.ppp.co.za)).

Fourie (2008:562) states that Public Private Partnership in South Africa was formally adopted in the year 2000. Public Private Partnership has become an Alternative Service Delivery (ASD) option in the national and provincial spheres of government. Government has moved to a collaborative method of service delivery (Naidoo & Kuye, 2005:619). This indicates that the South African government is engaging with external organizations and other stakeholders in the

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

event of not being able to operate traditional mechanisms of service delivery. In PPPs, the government implements mechanisms thereby establishing a long-term relationship with the private sector and other stakeholders, including community members.

In addition, Fourie (2006:925) regards Public Private Partnerships as an effective tool that can accelerate service delivery, if properly utilized. With Public Private Partnerships, government collaborates with the private sector to ensure the delivery of quality services to designated communities. However, Public Private Partnership is not a solution, rather is a method to enhance service delivery in all spheres of government.

This kind of partnership takes different forms, which can be employed to enhance service delivery in communities. Public Private Partnership as a tool to enhance service delivery has been utilized in all the three spheres of government. However, in the national and provincial spheres of government the partnerships are utilized.

Although Public Private Partnerships have been in use, it appears that there is still uncertainty and complexity surrounding their existence (Fourie, 2008:567). Uncertainty may emerge from the kind of relations that is maintained in Public Private Partnerships with local communities. It may be further caused by public sector's inability to manage and regulate the services that are contracted out to Public Private Partnerships. This complication could question the capacity and ability of the public sector to implement Public Private Partnerships that South Africa has adopted as an Alternative Service Delivery (ASD) option.

According to Kanyane (2004:55), uncertainty and ambiguity prevails, when one of the parties does not adhere to the stipulations of the contract. This may result in division and mar accountability in Public Private Partnerships. This study will focus on trying to understand the kind of relationship between public and private sector as well as with local communities. It will also work towards ensuring that Public Private Partnerships achieve the set goals.

It has emerges that Local Government faces a challenge in the implementation of Public Private Partnerships and ensuring that service delivery remains a priority (Phago & Malan, 2004:489). PPP requires in-house technical skills and expertise as one of the enabling environment before a



*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

municipality can consider utilising (Van Rooyen, 2005:613) this option optimally. According to the Minister of Co-operative Governance and Traditional Affairs, one of the main challenges facing the municipalities is a lack of capacity, which results in poor service delivery by municipalities (Morning Live, Interview, 2010). Service delivery is a national issue that often discussed in the media.

Local communities demand quality and access to services, as one of their fundamental rights. To this end, recent service delivery protests indicated that Local Government need to accelerate service delivery by considering Alternative Service Delivery (ASD) options of which PPP is one option. Since the fourth set of officials after 1994 was elected, communities have fostered increased expectations of service delivery. Even the President has indicated that government should be responsive to needs and demands of local communities. Since then, Local Government has been faced with increased challenges to offer quality to service delivery (Morning Live, Interview, 2010).

According to Van Rooyen (2005:607), Public Private Partnerships is “considered as a useful and appropriate vehicle to improve development and service delivery in developed and less-developed countries”. Fourie (2006:926) reports that Public Private Partnerships appear on many international and national developmental agendas. They are viewed as important instruments to meet with the ever-increasing social needs and should be considered worthy Alternative Service Delivery options (Fourie, 2008:567).

Kroukamp (2005:80) maintains that PPP can be utilized as an instrument to pool resources, skills and risks capital thereby improving the quality of life of every citizen. With adequate resources, skills and risk capital, PPP stakeholders are not only held accountable for the development of a particular municipal area, but also the development of suitable public management tools to facilitate progress.

Furthermore, Phago and Malan (2004:484) argue that there is a need for the active involvement of local communities at all the stages of a Public Private Partnership. These authors claim that the involvement of local communities will lead to job opportunities, skills transfer and self-

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

reliance of local communities, Public participation implies that the general community will be informed, involved and educated.

The complementary role of the private sector is highlighted as a possible solution to address the existing development backlogs in local communities by building infrastructure (Mckenzie, Wegelin, Mohajane & Shabalala, 2007:395). Report in Pretoria News (2010) is headed that “Eskom to turn to Public Private Partnerships to fund its build programme as it races to ensure that generation capacity keeps up with demand which is expected to grow at least 3% in the year 2010”. The Star newspaper (2010) reports that “Eastern Cape has entered into project which is a R900 million joint initiative by the Ndlambe Local Municipality, the Provincial Human Settlement Department, the National Human Settlement Department and ABSA DEVCO. The project is aim on promoting sustainable development to the people of Eastern Cape. It involves the development for human settlements for poor communities of Eastern Cape who cannot afford accommodation in the cities. These human settlements will be low-cost for the low-earning workers”.

Against this background, Public Private Partnerships have shifted the focus of government from managing the inputs to managing the outputs - the government thus becomes the contract manager, rather than the resource manager (Seemela, 2008).

## **1.5 Conclusion**

After the democratic elections in 1994, South Africa was faced tasked with moving away from the apartheid systems and approaches. The main force behind transformation was the restructuring the public sector as a whole. Prior to the adoption of the new reform programme, the public sector had to deal with backlogs that emanated from the apartheid regime.

The chapter give a brief history of and background to Public Private Partnerships in local government with reference to the Bushbuckridge Local Municipality. A Perspective on the South African Government in Particular Local Government, as well as the background to and theories

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

of Public Private Partnerships as an Alternative Service Delivery (ASD) option was given outlined in this chapter. The chapter forms the basis of the study.

## **Chapter 2**

### **RESEARCH METHODOLOGY**

#### **2.1 Introduction**

The challenge to meet the needs and demands of local communities has shifted the mindset of local government in South Africa. Local government has moved from managing inputs towards managing outputs. This implies a process where local government has become a contract manager and not the sole service provider. Local government adopted Public Private Partnerships as an Alternative Service Delivery (ASD) option, as total service delivery is no longer viewed as its responsibility (Seemela, 2008). Local Government could play the role of a facilitator by ensuring that quality services are delivered to local communities.

The aim of this partnership is to produce processes to create a service delivery environment that improves the quality of life of citizens (Kroukamp, 2005:72). This aim may be achieved through the involvement of other stakeholders which could include the communities, CBOs and NGOs. The focus of the study is Public Private Partnerships in local government: a case study of the Bushbuckridge Local Municipality in the Mpumalanga Province of South Africa. The study also examines mechanisms to improve accountability in Public Private Partnerships. Accountability is a fundamental principle in the promotion of service delivery to local communities.

This chapter deals with research methodology and in particular, the methodology adopted for this study. Research methodology determines the direction and focus of the dissertation. The chapter commences with a discussion of various research methodologies that can be utilized when conducting research in Public Administration and other social science disciplines. The discussion aims to establish and provide a clear understanding of a variety of research methodologies. Reasons for the choice of the research methodology to be used are given.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

The research methodology explained below indicates the unique character of the study and contributes to justification for this study.

## **2.2 Purpose of research**

Research in Public Administration and other disciplines is conducted for general or specific purposes. Babbie and Mouton (as cited in Fox & Bayat, 2007:30) identify three common, helpful aims of research in Public Administration. These are:

- a) exploration- a large proportion of scientific management research is conducted to explore a topic or provide basic answers to questions related to the topic;
- b) description- an important aim of scientific research is to describe situations and events in which researchers observe and then describe what they have observed; and
- c) explanation- another purpose of scientific management research is to explain phenomena.

These purposes of research will assist at the later stage to in explaining the reasons for this study being conducted.

## **2.3 Types of research**

In this section, two categories of research are identified and discussed. Research is essentially categorised into basic and applied research (Brynard & Hanekom, 2006:7). The differences distinctions between the two types of research are discussed.

### **2.3.1 Basic research**

The purpose of basic research is to expand knowledge by developing theories. Basic research is commonly known as pure research. This research is not conducted with the aim of solving a specific problem. Basic research can be used in future when a need arises (Brynard & Hanekom, 1997:5). Basic research can further be described as being both qualitative and quantitative in nature.

### **2.3.2 Applied research**

Applied research is conducted with the aim of finding solutions to specific problems or questions. Cardinal to applied research is to solve immediate problems and provide solutions (Fox & Bayat, 2007:10). This type of research is further considered creative and systematic research that is conducted to increase scientific knowledge by ensuring practical applications.

The researcher in this study engaged in basic research, mainly because this study was aimed at the expansion of knowledge for future utilization within the discipline. The intention was not to solve or to find a solution to an immediate problem.

## **2.4 Primary and secondary data**

Data collection forms part of research and entails collecting data from different sources. The data can be categorised into two types, namely primary and secondary data. A difference exists between the two categories of data. Primary data refer to the data, which the researchers collect personally. It is also referred to as data collected for the first time. Secondary data are data collected by other researchers concerning certain problems (Brynard & Hanekom, 2006:8). Furthermore, both primary and secondary data can be obtained through data sources, which include observation, self-reporting, documentary sources and physical sources (Mouton, 2001:99). The researcher utilized both primary and secondary data in the form of interviews and desktop study.

## **2.5 Research methodologies**

Research methodologies are those aspects that determine the nature of the study to be conducted. Ramabulana (2004:192) opines that it is sometimes difficult to distinguish between research methods and research methodology. In most cases, the two are used interchangeably, but they do have different meanings. Research methodology entails the approaches that the researcher has to take to address the research problem.

In the execution of the research project or particularly in compiling the dissertation, the researcher has select particular approaches (Brynard & Hanekom, 2006:36). The research methodology is concerned with the process of research. The two most frequently used research methodologies are qualitative and quantitative.

### **2.5.1 Differences between qualitative and quantitative research methodologies**

Welman, Kruger and Mitchell (2005:8) cite the differences between qualitative and quantitative research methodologies.

**Table 2.1: Differences between qualitative and quantitative research methodologies**

<ul style="list-style-type: none"> <li>• <b>Quantitative research methodology</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Qualitative research methodology</b></li> </ul>
<ul style="list-style-type: none"> <li>• Evaluates objective data on the basis of numbers</li> </ul>	<ul style="list-style-type: none"> <li>• Deals with subjective data that are produced by minds of respondents</li> </ul>
<ul style="list-style-type: none"> <li>• Is based on complex structured methods</li> </ul>	<ul style="list-style-type: none"> <li>• Is based on flexible and explorative methods</li> </ul>
<ul style="list-style-type: none"> <li>• Deals with abstraction of reality</li> </ul>	<ul style="list-style-type: none"> <li>• Investigates only the constraints of day-to-day events</li> </ul>
<ul style="list-style-type: none"> <li>• Investigates issue from an outsider's perspective</li> </ul>	<ul style="list-style-type: none"> <li>• Tries to achieve an insider's view</li> </ul>
<ul style="list-style-type: none"> <li>• Tries to keep the research process as stable as possible</li> </ul>	<ul style="list-style-type: none"> <li>• Works with the dynamic and changeable nature of reality</li> </ul>
<ul style="list-style-type: none"> <li>• Employs a particularistic approach</li> </ul>	<ul style="list-style-type: none"> <li>• Adopts a holistic approach</li> </ul>
<ul style="list-style-type: none"> <li>• Focus on reliability of data</li> </ul>	<ul style="list-style-type: none"> <li>• Focuses on validity of data</li> </ul>
<ul style="list-style-type: none"> <li>• Aims for large numbers of cases and analysis of results is usually based on statistical significance</li> </ul>	<ul style="list-style-type: none"> <li>• Involves small samples of people, studied by means of in-depth methods</li> </ul>

The above table indicates the differences between qualitative and quantitative research methodologies. The two research methodologies differ widely in that qualitative research methodology deals with subjective data, which are obtained directly from the participants, quantitative research methodology deals with objective, numerical data. In addition to that, a qualitative research methodology means a *holistic approach* where the researcher should try to develop a complex picture of the problem under study, as opposed to quantitative research method that is rigid in its investigations of the issue under study or *particularistic in approach*. The table further assists in clarifying the reason behind (or choice) for the type of methodology utilised in the research.



### **2.5.2 Characteristics of the qualitative research methodology**

Creswell (2009:175-176) identifies the following as characteristics of the qualitative research methodology.

- a) Natural setting – qualitative researchers tend to collect data in the field on site where participants experience the issue or problem under study.
- b) Researcher as a key instrument – qualitative researchers collect data themselves by examining documents, observing behaviour or interviewing participants.
- c) Multiple sources of data – qualitative researchers typically use multiple forms of data collection, such as interviews, observation and documents, rather than relying on a single data source.
- d) Inductive data analysis – qualitative researchers build patterns, because the researcher focuses on learning the meaning that the participants attach to the problem or issue, not the meaning that the researchers wish to bring to the research or that writers express in the literature.
- e) Emergent design – the research process for qualitative researchers is emergent.
- f) Theoretical lens – qualitative researchers often use lenses to view their studies, such as concepts of culture, ethnography, or gender or race.
- g) Interpretive – qualitative research is form of interpretive inquiry in which researchers offer an interpretation of what they see, hear, and understand.
- h) A holistic account – qualitative researchers try to develop a complex picture of the problem or issue under study.

The above-mentioned characteristics identify qualitative research methodology a research methodologies (Table 2.1 above). In a qualitative research methodology, a researcher often interact face-to-face with participants and may be in a position to appreciate what the participants experience daily. In fact, a qualitative researcher may be directly involved in the case under investigation and become part of the main research problem and solution seeking, surrounding the study.

## **2.6 Ethical issues**

Ethics is a fundamental requirement in scientific research. Ethics entails what is perceived to be right and/or wrong when conducting research. Ethics is concerned with values and norms. The researcher has to abide by generally accepted norms and values; because scientific research is a form of human conduct (Mouton, 2001:238). It therefore follows that the scientific community has an obligation to dictate on what is acceptable practice in research.

Goddard and Melville (2001:108) stipulate that the researcher should be certain that the research topic is morally acceptable. The researcher should further ensure that the methods employed to research a particular topic are morally acceptable. In scientific research, ethics should prevail from the identification of a topic to the writing a report. Furthermore, Brynard and Hanekom (2006:6) report the two overarching ethical considerations for a researcher are honesty and confidentiality.

Birley and Moreland (1998:24) are of the opinion that research ethics covers a wide range of issues. A researcher who has to comply with acceptable values and norms needs to consider these issues.

The following are important:

### **2.6.1 Respect for persons involved**

An individual's confidentiality must be respected. It should not be possible to identify a respondent from information in the completed report. It is also the right of every respondent to refuse to take part in the research. Respondents who have provided information should have the opportunity to validate the accuracy of what they have said or written.

### **2.6.2 Respect for truth**

Thus is particularly important in respect of data collection and analysis. In both processes authenticity is required- biased information should not be introduced. The researcher may not miss-interpret data collected in a study to justify desired results realised.

### **2.6.3 Openness**

Readers of the final report should be given as much information as possible about how the data were collected. It is important that the researcher explain the research methodology used to achieve the results.

### **2.6.4 Record keeping**

It is essential that records should be kept of data collected to enable validity and reliability checks to be done. Records of expenditure should be kept for auditing purposes. This will enable the researcher to undertake an accurate analysis of the study (Birley & Moreland, 1998:24).

## **2.7 Literature review**

As the literature review is regarded as the starting point of research, there can be no research without a review of relevant literature on the topic (Majam & Theron, 2006:601). The literature review enables researchers to identify inconsistencies and gaps that may justify further research on a topic.

Henning (as cited in Braynard & Hanekom, 2006:31) maintains that in compiling a literature review any relevant document should be included in the literature survey. Braynard and Hanekom (2006:31) state that a researcher should review publications by experts in their field of research. Wellington (as cited in Majanm & Theron, 2006:605-606) is of the opinion that the aspects mentioned below are the purposes of literature review;

- identifying gaps in knowledge and developing a research problem;
- identifying a theoretical framework upon which to base research;
- identifying issues and variables related to the topic ; and
- identifying methodologies

Furthermore, Welman, Kruger & Mitchell (2005:38) assert that “literature review sets the scene for the clear formulation of the research problem”.

## **2.8 Research methodology and design applied to the dissertation**

This section of the chapter focuses on the research methodology and design employed in the dissertation. The methodology and design applied in the dissertation make the study unique and lead to the outputs and outcomes achieved in the study. Particular issues concerning the research methodology are described below.

### **2.8.1 Motivation for the study**

Public Private Partnership is a fairly recent phenomenon in the South African government structure, particularly in local government, since it was officially incepted in 2000. Prior to this date, permutations of PPPs were in evidence; these were rare and subject to a different regulatory regime (Van Rooyen, 2011, interview). However, within this space of time it has gained acceptance as a potentially effective Alternative Service Delivery (ASD) option in South Africa across the three spheres (national, provincial and local) of government. It is believed that it is still early to report on the merits and demerits of this Alternative Service Delivery option, consequently, very little has been reported on it in local government. The study seeks increase the amount of existing knowledge in Public Administration. The results could possibly assist local government in its attempts to utilise PPP to promote service delivery and stimulate development in local communities.

## **2.8.2 Problem statement**

The complementary role of the private sector is one of the approaches considered to address the backlogs facing the government, particularly local government. According to the National Treasury PPP unit, this form of service delivery is regarded as one of the best alternative service delivery (ASD) options, because it utilises pooled resources, skills and expertise, as well as capital from the private sector.

Theoretically, for Public Private Partnerships to be efficient and effective, an acceptable level of service delivery must be present. How to ensure accountability in Public Private Partnerships to enhance quality service delivery and socio-economic development remains a problem. For the purposes of application, two of the issues facing the Bushbuckridge Local Municipality are:

- a high level of poverty and poor service delivery in the Bushbuckridge local communities;  
and
- a lack of developmental mechanisms in the Bushbuckridge local communities.

Yet, within the context of Public Private Partnerships, there are no guidelines on how communities or stakeholders in general should directly evaluate a service delivery standard or performance to promote accountability. Therefore, the above may lead to an initial research question that may be whether PPPs would be able to address the service delivery challenges existing in local government in South Africa.

## **2.8.3 Research questions**

### Primary research question

1. Is Public Private Partnerships a viable Alternative Service Delivery (ASD) option in local government?

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Secondary research questions

2. Are accountability mechanisms in Public Private Partnerships in local government effective?
3. Is the role of the private sector in Public Private Partnerships fully understood and appreciated by all the stakeholders?
4. Is public participation in PPP in local government effective?

### **2.8.4 Objective and purpose of the study**

The purpose of the study is to make a contribution to knowledge on PPP in South Africa. It attempts to establish whether Public Private Partnership as a mechanism for service delivery in South Africa will be able to achieve its objectives. Bushbuckridge PPP is cited as a case in point. The goal of Public Private Partnership is to deliver the services to the people as per agreement or contract. In Public Private Partnership, the public sector collaborates with the private sector to ensure service delivery to the people.

It is important that the service delivery to the people meets the agreed standard and that it should be done willingly in agreement with both parties (White Paper on Transforming the Public Service, 1997).

Thus, research objectives are to:

Primary research objective

1. Assess the viability of Public Private Partnerships in local government.

Secondary research objectives

2. Identify and evaluate accountability mechanisms in Public Private Partnerships in local government.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

3. Assess the private sector's role in Public Private Partnerships in local government.
4. Assess the level of public participation in Public Private Partnerships in local government

It is worth noting that the above objectives in the study will be pursued against the backdrop of the selected Bushbuckridge Local Municipality's ongoing PPP projects.

## **2.8.5 Research method and design**

The research method and design applied in the dissertation are qualitative in nature. The study is based on the review of relevant literature because studies of this nature have been conducted in Public Administration. However, according to the preliminary literature study gaps that still exist. Public Private Partnerships, as outlined earlier, is a fairly recent phenomenon in South Africa, particularly in local government. The researcher therefore conducted interviews and included this as part of the primary and empirical research method. Desktop studies formed secondary research resources.

### **2.8.5.1 Qualitative research method**

The qualitative research method was chosen as an approach for the dissertation and the study has an empirical bias. The study does not employ questionnaires, samplings and statistics. The choice of the qualitative research method is determined by the nature of the topic and research questions of the study. Selected case studies form the basis for discussion.

### **2.8.5.2 Data collection**

The data were collected from the Bushbuckridge Local Municipality using unstructured interviews, observation and a desktop study. The data are descriptive and explorative in nature. The interviewees selected for the research process are all *ex officio* functionaries in of the Bushbuckridge Local Municipality PPP projects.

### **2.8.5.2 Limitations of the Study**

The study focuses on Public Private Partnerships in local government with specific attention to the Bushbuckridge Local Municipality. Three ongoing PPP case studies within the municipality are analysed. This implies that some of the findings and recommendations cannot be generalised and applicable to the municipality only. Ongoing. The timeframe was 2010 and 2011.

### **2.8.6 Outline of the chapters**

Chapter 1: provides the background and history of the study. This chapter introduces the topic of the study. The background to and history of Bushbuckridge Local Municipality are given. A brief overview of the transformational phase of the public service in South Africa is outlined as well as a brief background to and history of Public Private Partnerships in South Africa.

Chapter 2: describes the research methodology and spells out the basis of the dissertation. The different methodologies, which apply in research within Public Administration are cited as well as the research methodology applied in the dissertation.

Chapter 3: cites arguments mentioned in relevant literature on the topic of the dissertation. In this case, a review of relevant literature on Public Administration is provided, as well as a review of relevant literature on Public Private Partnerships). Arguments raised by other academics on Public Private Partnerships are examined. The chapter identifies the gaps that still exist in the execution of Public Private Partnerships, taking into account of the fact that the introduction of Public Private Partnerships in South Africa is fairly recent, particularly in the case of Local Government.

Chapter 4: presents three case studies of projects identified in BLM as Public Private Partnerships (PPPs). The projects selected form part of the developmental initiatives within the Bushbuckridge Local Municipality. The projects are worth studying because Bushbuckridge Local Municipality is one of the nodal points identified by the former President of South Africa.



*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Bushbuckridge Local Municipality is located in a rural area, which is struggling to put in place developmental mechanisms for the local communities. Public Private Partnership projects are novel concept in this municipality.

Chapter 5: provides an analysis of the findings obtained using the methodologies. The findings provide possible answers to the issues raised by the researcher. The findings could contribute to the body of existing scientific knowledge. Furthermore, the research findings may be used to assist those local Municipalities that are faced with challenges relating to promotion of efficiency and effectiveness in the use of Alternative Service Delivery (ASD) option.

Chapter 6: gives a summary of the findings and the conclusions based on the findings. It further provides recommendations for implementation of the findings. Most importantly, the study identifies areas for further research. The conclusion on this study does not necessarily signal the end of research on this topic. The study may be viewed as a contribution and creation of scientific knowledge in Public Administration, and may thus be one of the important platforms in the continuing research journey into the role of PPP in local government.

## **2.9 Conclusion**

In this chapter, attention was paid to different research methodologies that are utilised in Public Administration and other social science disciplines. The relevant research methodologies were defined. This is important to ensure that the study achieves its envisaged results.

## **Chapter 3**

### **CONTEXTUALISING PUBLIC PRIVATE PARTNERSHIPS (PPPs) WITHIN THE SCIENTIFIC DOMAIN OF PUBLIC ADMINISTRATION**

#### **3.1 Introduction**

Public Administration is both an academic discipline and an applied field that offers a professional career path for public functionaries. It is a social science discipline (Cameron & McLaverty, 2008:70). The nature of Public Administration changes to adapt to the environment within which it is based. The administrative changes in the post-1994 dispensation in South Africa, also gave rise to certain changes in Public Administration. The transition of South Africa from the apartheid regime into democracy had an impact on public administration. Changes in public administration affect the functioning of a government in power, because public administration is the administrative echelon of government, a part of the executive, as opposed to the legislative and judicial functions (Coetzee, 1991:18).

However, these changes affect the operation only and not the constitutional mandate of the government of the day. In this context, the three spheres (national, provincial and local) of government retain their mandate, which is to promote the welfare of society. In fact, the transition brought about major changes in the approaches to, and the delivery of services by the government (Thornhill, 2006:798). On the other hand, it is important to note that government is still facing challenges to address service delivery and development in local communities. Therefore, one possible way to achieve better service delivery is to consider adopting Public Private Partnerships as an Alternative Service Delivery option (Moeti & Khalo, 2008:219).

Public Private Partnership is regarded as an accountable mechanism in economic development around the world (Moodley & Sing, 1996:216). In addition, Jonker (2001: 260) reports that the on how principles of PPP guide government to enter into an accountable contractual agreement. It looks to ensure optimal efficiency, effectiveness and transparency in service delivery, which

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

are essential elements of a PPP arrangement. Therefore, PPP implies a long-term relationship between the public and private sector, because trust is a prerequisite for any successful partnership arrangement (Kroukamp, 2005:76). PPPs are utilised nationally and internationally to improve quality service delivery and development in local communities. However, it is evident that PPPs as alternative service delivery (ASD) option do not clearly spell out how political/public accountability can be achieved. The role of communities in determining service levels and standards is not clearly defined in PPPs as ASD option. In the utilisation of PPPs as an ASD option, communities are not actively encouraged to participate in Local Service Delivery (Diale, 2007:146).

This chapter focuses on Public Administration and public administration-relevant literature; accountability in Local Government; Batho Pele principles; the administrative functions of public administration; the purpose of a developmental Local Government; and Public Private Partnership as a vehicle to improve service delivery and development in local communities. Therefore, mechanisms will be highlighted and public participation in Public Private Partnerships promoted as an Alternative Service Delivery option against a Public Administration and public administration background.

### **3.2 A brief perspective on public administration**

Public administration involves activities carried-out by government to achieve their policy objectives. It entails the implementation of government policies within a public institution (Botes, Brynard, Fourie & Roux, 1992:147). Policy implementation takes place in all spheres of government, including local government. In an attempt to define and discuss what the authors above claim concerning this phenomenon, the following authors' views are cited:

Du Toit and Van der Waldt (1997:47) define public administration as “essentially the study of various processes and specific functional activities by the institutions that should function within a particular environment to improve the general welfare of the society by providing products and services to it”.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Fox and Meyer (1995:105) define public administration as “the executive branch of government; civil service; bureaucracy charged with the formulation (facilitation), implementation, evaluation and modification of government policy”.

Public administration comprises a group of functions, which are carried out simultaneously and collectively (Cloete, 1994:60). The group of functions includes among others policy making and financing that takes place within government. In addition, Hanekom (1995:16) is of the opinion that the administration of public affairs is shaped by the extent and nature of a government. These are:

- a) a classical nature, where the underlying idea is that it should protect society against aggression from outsiders, and should provide an environment which free competition operates;
- b) a socialistic, and, in particular, a collectivist nature, according to which a large number of economic institutions should operate as public institutions;
- c) a welfare state, where the state is tasked with ensuring the highest possible degree of material and spiritual well-being for all members of society engaging in basically all areas of social interaction, with a view to fulfilling societal needs.

The author claims that the above-mentioned extent and nature of government shapes public administration.

### **3.3 Accountability in local government**

Accountability in public administration is considered to be a cardinal aspect, therefore it needs to be promoted. In the South African context, accountability is emphasised through the independence of the Judicial, Legislative and Executive powers. Accountability is fundamental to the optimal operation of the three spheres (National, Provincial and Local) of government. Section 114(2)(a)&(b) of the Constitution of the Republic of South Africa, 1996 charges the provincial legislature with the responsibility to provide mechanisms to ensure that all provincial

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

executive organs of state in the province are accountable and to maintain oversight of the exercise of provincial executive authority in the province, including the implementation of legislation. Committees in the legislature such as the Standing Committee on Public Accounts (SCOPA) and the Portfolio Committee on Local Government and Housing fulfil this function.

### **3.3.1 Definitions of terms**

According to Cloete (1995:3) accountability is the duty to answer and report to a higher authority, functionary or institution on the results obtained in the performance of one or more specific functions.

Cloete (1995:3) defines accountability as “a requirement prescribed by law or other institutions to give account of the manner in which functions are performed”.

Fox and Meyer (1995:1) define accountability as:

- a) as the responsibility of a government and its agents towards the public to realize previously set objectives;
- b) commitment required from a public official to accept public responsibility for his action or lack thereof; and
- c) the obligation that a subordinate has to keep his or her superior informed of the execution of duties.

Cloete (1991:1) states that accountability means that: “a person should conduct himself in a responsible way, i.e. respect the value of everything with which he comes into contact, as well as those things which are of value to others”. Romzek (2000:22) defines that accountability “is understood as answerability for performance”.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Mafunisa (2002) concurs with Kernaghan and Langford (1990:60) who define accountability as “the obligation to answer for the fulfilment of assigned and accepted duties within the framework of authority and resources provided”. Accountability thus involves the following elements:

- a responsibility conferred;
- an obligation to report back on the discharge of that responsibility;
- optional monitoring to ensure accountability; and
- possible sanctions for non-performance (Kernaghan and Langford, 1990:60 cited in Mafunisa, 2002).

### **3.3.2 Accountability as set out in the Constitution of the Republic of South Africa, 1996**

Accountability is an important mechanism for the provision of service delivery in the current democratic South Africa. It should enhance and entrench democracy in this country. These are the main reasons for the South African government insisting that accountability becomes a basic value and principle that governs public administration. In Section 195 (1)(f) of the Constitution of the Republic of South Africa, 1996 accountability is highlighted as one of the basic values and principles that governs public administration. Accountability needs to be the norm in a functional democratic state.

Chapter 7 of the Constitution of the Republic of South Africa, 1996 states that accountability is an important tool in the provision of service delivery. Section 152 (1)(a) of the Constitution of the Republic of South Africa, 1996 spells out one of the objectives of local government to provide a democratic and accountable system of government for local communities. It is paramount that local government is held accountable for service delivery.

### **3.3.4 Basic values and principles governing public administration**

The principle of accountability within public administration is featured in Section 195 of the Constitution of the Republic of South Africa, 1996. In this section, the basic values and principles governing public administration are outlined.

- a) A high standard of professional ethics should be promoted and maintained
- b) Efficient, economic and effective use of resources should be promoted
- c) Public Administration should be development oriented
- d) Services should be provided impartially, fairly, equitably and without bias
- e) People's needs should be responded to, and the public should be encouraged to participate in policy making.
- f) Public Administration should be held accountable
- g) Transparency should be fostered by providing the public with regular, accessible and accountable information
- h) Good human resource management and career development practices, to maximise human potential, should be the norm.
- i) Public Administration should be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation (Constitution of the Republic of South Africa, 1996).

### **3.4 Batho Pele-principles**

A municipality should employ a set of principles in order to exercise efficiently and effectively exercise its executive and legislative functions. In terms of Section 153(a) of the Constitution of the Republic of South Africa, 1996 (quoted in Van der Waldt, 2007:5) a municipality is obliged to structure and manage its administrative, budgeting and planning processes to prioritise the basic needs of the community. The **Batho Pele**-principles have to be adopted to ensure

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

accountability in a Municipality thereby promoting efficiency and effectiveness as the **Batho Pele**-principles have been formulated particularly for the national and provincial spheres of government, and these principles may be adopted in the local government sphere. The **Batho Pele**-principles are contained in the White Paper on Transforming Public Service Delivery, 1997. The following is the discussion of those **Batho Pele**-Principles that are relevant to PPPs in local government.

- a) Consultation - this is a tool that enriches and shapes government policies such as Integrated Development Plan (IDP) and its implementation by local governments. The Municipal Systems Act, 2000 (Act 32 of 2000) promotes that local government should create a consultation platform for service provision using external mechanisms. Communities should be approached on initiatives to involve the private sector in service delivery. Local government can facilitate consultation using the media, among others.
- b) Setting service standards - It plays a role in the development of service delivery improvement plans to ensure a better life for all South Africans. In Public Private Partnerships, a municipality manages the outcomes of the agreement. Through managing the outcome, local government has to outline clearly what needs to be achieved.
- c) Increasing access - Access to information and services empowers citizens while offering value for money and quality service. Involvement of local communities in PPP may create jobs; improve skills and encourage self-reliance in local communities. Local communities could directly evaluate the standards of services provided thereby ensuring that relevant services are provided.
- d) Ensuring courtesy - This involves meaningful communication of services, products, information and problems, which may hamper or delay efficient delivery of services to promised standards. In Public Private Partnerships, feasibility studies ensure that factors that may affect the provision or not of new infrastructure are identified and dealt with by both parties before these become an issue.
- e) Providing information - As a requirement, information on services should be available at the point of delivery, but for users who are far from the point of delivery, other channels need to be used such as the Thusong Centres that are currently utilized to disseminate information. A



*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

municipality should ensure that relevant information is meaningfully communicated. Local communities should know how the services are provided. In case of a PPP, where the private sector provides specific services, communities should be kept informed of aspects that affect them.

- f) Openness and transparency - A key aspect is that the public should know how national, provincial and local government institutions operate, how well such entities utilize the resources they consume, and who is in charge. In the case of a PPP, the contract entered between a municipality and the private sector should be transparent and both held accountable. All stakeholders should know details of such a contract and competition when selecting a service provider should be practiced.
- g) Redress - This principle emphasizes a need to realize quickly and practically when services fall below the promised standard and to have procedures in place to remedy the situation. A PPP contract should be monitored by the project manager and team regularly to ensure that a PPP agreement achieve the envisaged outcomes. If an unskilled sub-contractor has been hired to perform a particular service, the issue should be addressed to as soon as possible or he/she should be trained as part of a set strategy of empowerment.
- h) Value for money - Many improvements that the public would like to see often require no additional resources and can sometimes even reduce costs. In terms of a PPP value for money can be achieved by the private sector financing and providing quality services to a municipality for a reasonable and market-related costs (White Paper on Transforming Public Service, 1997:15) (Gildenhuis & Knipe, 2000:130-133).

### **3.5 Administrative functions of public administration**

In public administration, six generic administrative functions are identified. Thornhill and Hanekom (1995:5) and Cloete (1981:2) cite these functions as the basic functions of public administration. The administrative functions are vital to achieving anything through joint actions (Thornhill & Hanekom, 1995:5). The following section identifies and offers discussion of the administrative functions. It is important to note that after the six administrative functions had

been spelt out in public administration, a seventh function, Management, was introduced. This serves for the purpose to address any confusion that may develop in the discussion of the six generic functions. The six generic administrative functions as outlined by Cloete (1981:12) are discussed.

**a) Policy making**

Policy making is a fundamental function of public administration. Policy making is the *crux* of every existing government in the world (Cloete, 1994:91). A government is established from the results of the policy making process. Policy in government is a cornerstone for developmental processes as it provides the institution with a direction. Cloete (1994:92) is of the opinion that every institution or organization in either the public sector or the private sector needs a policy statement to function and survive. The policy statement serves to clarify the intent; describes how the policy should be administered and defines the particulars of a policy. This is done to ensure that the organisation remains on course in terms its behaviour and performance.

Van der Waldt (2001:93) states that “policy making usually refers to actions inclusive of numerous decisions and thought processes that precede a policy statement”. Botes, Brynard, Fourie & Roux (1992:191) argue that policies are the prearranged performance, which are taken to realize policy objectives of local government, and equally so the activities carried out by local government are the outcomes of policy statement.

**b) Organising**

Organising is a support mechanism put in place to ensure that an institution realizes its goals (Hanekom, 1995:160). For an institution to achieve its goals, organising should be effective. Organising within an institution occurs with other administrative functions. Du Toit and Van der Waldt (1997:14) maintain that organising entails establishing structures in which each segment is responsible for a particular functional area as well as groups of functional activities within a structure. Organising is performed with the aim of achieving the policy objectives of an institution. Hanekom (1995:160) further identifies two basic principles to observe in the process

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

of organising: the principle of specialisation and the principle of departmentalisation. An institution should comprise different departments, each of which responsible for performing specific functions. Furthermore, employees need to be placed according to their areas of specialisation namely Human resources and Risk Management. Cloete (1991:113) is of the opinion that organising involves more than arranging individuals and groups, because it needs to be an ongoing process. Therefore, organising in PPPs involves ensuring that the necessary process, procedures and stages are followed to procure services when utilizing this ASD.

**c) Financing**

Botes, Brynard, Fourie & Roux (1992:200) opine that every public institution requires financial resources to operate. Every action in a public institution has direct or indirect financial implications. Financing “entails obtaining, spending and controlling public finances” (Du Toit & Van der Walddt, 1997:14). In local government, the financial function is regulated by the Municipal Finance Management Act, 2003 (Act 56 of 2003). Sufficient finance is essential for local government to achieve its policy objectives. In the context of PPP, most risks are transferred to the private sector, especially, the financial risks (Pillay, 2010). PPP is a channel that brings the private sector’s investment into local government. Fourie (2008:562) asserts that according to the definition of PPP, as defined by Lund (2004:6) the private sector takes on all the risks, while government becomes the monitor and regulator of service delivery. Lund (2004) defines a PPP as “a contract between a government institution and private party, where a private party performs an institutional function and/or uses state property in terms of output specification, where a substantial project risk (financial, technical, operational) is transferred to the private party and where a private party benefits through unitary payments from government budget and/or user fees”. Since finance is a scarce resource of local government, the private sector investment is called upon to provide infrastructure for development in local communities. It has led to the adoption of the PPP as an ASD option.

**d) Personnel provision and utilization**

If Municipalities are to achieve their policy objectives, there is a need for the employment of suitable personnel and be utilised according to their potential within the structures of public institutions (Botes, Brynard, Fourie & Roux, 1992:208). Personnel provision and optimal utilisation are cardinal to ensure that an institution exists and functions effectively. The personnel should be properly trained to effectively work towards achieving the policy objectives of the institution. It is important to employ officials who have a variety of skills, qualifications and experience, because each institution has many different functions (Cloete, 1994:173).

Personnel provision and utilisation involves the recruitment of personnel, placing them in various training facilities and developing them (Du Toit & Van der Walt, 1997:15). The availability of personnel in all functional areas within an institution may promote efficiency and effectiveness. The institution should be geared to work towards improving the welfare of the people and to entrench accountability. In a PPP, there is need for skilled personnel of all stages of the project cycle. Skilled personnel needed could include transaction advisers, project officers and a project management team.

- Transaction advisers are experts appointed to lead a projects using its feasibility study (advisers could include lawyers and accountants).
- Project officers are appointed as soon as a project has been earmarked as a PPP project. They take the lead in execution of the project.
- The Project management team is in charge of the monitoring and evaluating a project, it's as well as day-to-day management.

**e) Development of work procedures**

According to Du Toit & Van der Waldt (1997:15) development of work procedures involves “developing specific instructions to be followed to carry out certain actions”. Developing work procedures is a mechanism used to promote efficiency in public institutions. Work procedures are published in document form within public institutions and these documents (templates) provide guidelines for the execution of duties by public officials.

***Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality***

Cloete (1991:174) asserts that work procedures ensure that there is a promotion of accountability in public institutions. Work procedures outline how the public officials have to perform their duties how and to avoid wrongful acts. Cloete (1991:176) states that work procedures determine the approach to and speed at which a service is rendered. For local government to accelerate quality service delivery work procedures outlining what should be done are essential as well as stipulations to ensure an effective, efficient and economic execution of tasks and functions. In public institutions, guidelines and models are in place for every task or activity that needs to be carried out. Guidelines for a specific activity should be followed within a particular public institution.

**f) Exercising of control measures**

Control is exercised to ensure that all administrative functions are carried out in a manner that is efficient, effective and economically to fulfil policy objectives of an institution (Du Toit & Van der Waldt, 1997:15). Since public institutions are mandate to promote the general welfare of communities, it is important to exercise control over their resources. Every public institution should ensure that it manage available resources efficiently.

Thornhill (1995:227) is of the opinion that stringent control will ensure that the funds at its disposal are utilised optimally. Thornhill emphasises exercising of control of resources allocated to a public institution. According to Cloete (1991:188) & (1994:205) the main objective of control in the public sector is to promote *accountability* in the performance of all activities. This stipulation relates to the second research objective of this study. Public officials need to be held accountable for everything done or not done in a public institution. Control over the resources and all activities in a PPP will ensure that the outcomes agreed upon in the contract are achieve in a way that provides value for money, is affordable to communities and demonstrates accountability.

### **3.6 Local government in South Africa**

As local government is closest to local communities, the geographical location of this sphere of government underlines its importance. Local government is a separate sphere of government with its own objectives. The preceding discussion on the generic functions impacts on this sphere directly as in its own right; it is also responsible exercising its public administrative powers and functions.

#### **3.6.1 Definitions of terms**

The following definitions serve to contextualise this local government within the South African system of government.

According to the Constitution of the Republic of South Africa, 1996 local government is a distinct sphere of government, which, a developmental objective is attributed. Cloete (1995:45) defines local government as “the functions performed by political executive office-bearers of a Municipality, namely members of the council and of committees consisting of councillors”.

According to Van der Walt (2007: 48) local government is a “distinct sphere of government that consists of municipalities that are instituted for each demarcated area, and cover the whole territory of South Africa”.

To continue Van der Walt (2007:19) states that “the main aim of *developmental* local government is to promote economic and social development of a community”.

Since the implementation of PPP is geared to among others, promote development in municipalities, the focus of this section is on the developmental side of local government as one of the main objective of local government.

### **3.6.2 Understanding developmental local government**

Davids and Maphunye (2009:60) maintain that local government should play an important developmental role as in close proximity to local communities. The Constitution of the Republic of South Africa, 1996 spells out the objectives of developmental local government. It requires local government to promote social and economic development of local communities.

Craythorne (2006:139) states that development “means both a process and stage of growth, and the word is also popularly used throughout the three spheres of government”.

The role of local government is to promote development, not undertaking development (Craythorne, 2006:138). Hilliard and Wissink (2000:96) argue that local government needs to promote development because its organization falls for short of achieving acceptable levels of economic viability and social stability. Local government needs to put into practice the Integrated Development Plan (IDP) to find a path to socio-economic development.

Hilliard and Wissink (2000:98) indicate that local government should operate as a mechanism of development. Local government has as its main objective the promotion of socio-economic development. It has an advantage, because it is situated in the close proximity to local communities. It should be at the centre of development and encourage the participation of all stakeholders.

Craythorne (2006:144) describes economic development in local government as 3Fs that stand for: Find, Facilitate and Foster. The find indicates that local government needs to attract investment; then facilitate implies placing the investment in appropriate developmental projects. Foster means growing the investment to benefit the stakeholders involved, in particular the local community. It is important for local government seek investment from other stakeholders. Pleasing stakeholders will contribute towards socio-economic development of local communities.

The developmental role of local government calls on the private sector to provide infrastructure and services to local communities. Local government together with the private sector should work towards achieving a common goal within Public Private Partnership agreements. A PPP

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

agreement provides the private sector and other stakeholders with the opportunity (including, communities, CBOs and NGOs) to contribute to local development.

### **3.6.3 Main aims of developmental local government of South Africa**

According to Van der Walt (2007: 19), the main aim of developmental local government is to promote economic and social development in the community. Local government has to work towards ensuring better lives for their communities. Developmental local government should promote its main aim through discharging the following duties:

- a) Ensure that everyone has access to basic services, and take steps to promote sustainable job creation.
- b) Embrace strong leadership, clear vision and maximum participation by the community, the private sector and all stakeholders to meet the basic needs of all and to build solid foundations for growth and lasting property.
- c) Transform local governance, with renewed focus on improving the standard of living and quality of life of previously disadvantaged sectors of communities.
- d) Encourage citizens to participate in development initiatives in their areas.
- e) Involve local citizens in municipal affairs and to build local democratic governance structure.

Hilliard and Wissink (2000:101) stipulate that, if local government is to achieve its developmental goals it should adopt the following strategies:

- a) Maximise tourist potential;
- b) Capitalise on physical surroundings;
- c) Provide appropriate infrastructure;
- d) Create conditions conducive to entrepreneurship;
- e) Offer generous incentives to investors and donors;
- f) Build capacity; and
- g) Consult experts.



*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Hilliard and Wissink (2000:105) add that the key to implementing a developmental plan is to work with local citizens and other partners. In developmental local government, all stakeholders need to play a crucial role in promoting socio-economic development. This implies that a local community as a major stakeholder should play a key role in developmental local government. Furthermore, consultation and public participation assist the authority in making informed decisions based on the real needs of the people (Mafunisa & Xaba, 2008:455). Mzimakwe (2010:507) asserts that “consultation involves a two-way flow of information, views and perspectives between policy makers/managers and users/public”. Public participation entails involvement of communities from the planning, implementation and evaluation phases in a particular project that will lead to sharing in the benefits of development. Public participation means “the transfer of skills, knowledge and ownership of the process to local people” (Draai & Taylor, 2009:114).

#### **3.6.4 Objectives of local government in South Africa**

Section 152(1) of the Constitution of Republic of South Africa, 1996 outlines the fundamental objectives of local government in South Africa. Local government has a primary role to play in contributing to the improvement of the people in the communities. Objectives of local government in Section 152(1) of the Constitution of the Republic of South Africa, 1996 are:

- a) to provide democratic and accountable government for local communities;
- b) to ensure the provision of services to communities in a sustainable manner;
- c) to promote social and economic development;
- d) to promote a safe and healthy environment; and
- e) to encourage the involvement of communities and community organisations in the matters of local government.

### **3.6.5 The perspective of an IDP in developmental local government**

According to Theron (2009:140), an integrated development plan (IDP) is a fundamental tool for planning and development in local government. If local government is to develop in communities, an IDP of a municipality needs to be a priority. A municipality should ensure that there is a well-formulated, integrated development plan in place. The IDP should be well-formulated containing clear objectives, short-term and long-term goals, as well as the municipality's Strength Weaknesses Opportunities Threats (SWOT) analysis.

The objective of an IDP policy is to assist municipalities to address the development challenges facing their areas strategically. "South African Municipalities are required to conduct IDP to strategically inform their developmental projects so as to achieve objectives of developmental local government" (Roux & Van Rooyen, 2002:217). PPPs are part of the bigger plan of a Municipality that includes the IDP (Phago & Malan, 2004:489).

Therefore, as defined by Craythorne (2006:145) an IDP "means a plan aimed at the integrated development and management of the area of jurisdiction of a Municipality concerned in terms of its powers and duties, and which has been compiled having regard to the general principles contained in chapter 1 of the Development Facilitation Act 67 of 1995, and where applicable, having regard to the subject matter of a land development objective contemplated in chapter 4 of that Act".

A municipality should be developmental orientated focused through its integrated development plan (Theron, 2000:140). By focusing on development, a municipality may derive benefits from the integrated development plan. Furthermore, Theron (2000) concurs with Harrison (2002:1) on the benefits derived from the IDP.

- a) establishment of links within municipal structures and among other stakeholders outside the municipality;
- b) development of a more participatory form of municipal management;
- c) a appreciation of why to address the basic needs of the communities;
- d) a greater appreciation for issues such as LED/PPP, gender and the environment;

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

- e) increased municipal ownership of the planning process;
- f) better –informed budgetary processes; and
- g) strategic information gathering and analysis.

An Integrated Development Plan is a planning instrument, which encourages community members to become key stakeholders or role-players towards its adoption by municipal council (Craythorne, 2006:148). It is important to encourage community participation in the adoption of a new IDP. After a municipality has adopted the IDP, it should put it into ensuring consistency at all times (Craythorne, 2006:153). The IDP should to provide direction to the municipality and enforce common goal orientation.

Theoretically, the IDP is “based on project management principles” (Theron, 2000:145). The process entails mutually beneficial and empowering partnerships between a municipality and the local community, and further provides an opportunity for stakeholders participate in the development of local government. Equally, a private sector stakeholder should be part of local government development. A municipality should create room for Public Private Partnerships (PPPs) within the IDP.

In practice, a plan of action is a primary initiative to assist local government in realizing its policy objectives as set out in the Constitution of the Republic of South Africa, 1996. It outlined within the policy documents of local government an integrated development plan is a primary planning instrument.

### **3.7 Public Private Partnerships (PPPs) as Alternative Service Delivery (ASD) options.**

A Public Private Partnership is a mechanism that can be utilised to procure services in conjunction the private sector. In a PPP, the private sector is given the opportunity to contribute towards local development in South Africa. This section stretches the role of Public Private Partnerships in local government.

### **3.7.1 Clarification on terms**

This section provides the clarification of terms that are used in this section. The terms are not limited to PPP and Municipal Service Partnerships, but rather include service delivery and municipal services. These terms are appearing in this section, because a PPP as an ASD is used to deliver certain services and to contribute to infrastructure development.

Lund (2004:6) defines a PPP as “a contract between a government institution and a private party, where a private party performs an institutional function and/or uses state property in terms of output specifications, where a substantial project risk (financial, technical and operational) is transferred to the private party and where a private party benefits through unitary payments from government budget and/or user fees”.

This definition of a PPP is also that of Fourie (2008:562) & (2006:926). This agreement clearly demonstrates that this is an acceptable definition of Public Private Partnerships (PPP).

A PPP is defined in South African law as:

A contract between government institution and private party where:

- The private party performs an institutional function and/or uses state property in terms of output specifications
- Substantial risks (financial, technical and operational) are transferred to the private party
- The private party benefits through unitary payments from government budgets and/or user fees (Pillay, 2010).

According to municipal service delivery and PPP guidelines, the 2007 PPP agreement is “a contract recording the terms of a PPP concluded between a municipality and a private party.

Service delivery is “the provision of public activities, benefits or services. Services relate both to the provision of tangible and to intangible service themselves” (Fox & Meyer, 1995:118).

Nealer (2007:148) states that basic municipal service entails “a municipal service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided it will endanger public health or safety or the environment”.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

PPPs in local government are also referred to as Municipal Service Partnerships (MSPs). These two concepts can be used interchangeably.

### **3.7.2 Understanding PPPs as a vehicle to procure services in local government**

Local government in South Africa faces the challenge of meeting the needs of communities. Generally, local government has a lack of capacity within its administration to deliver much-needed services to the communities. Local government is faced with increasing demands for services. Therefore, it is important for local government to consider available alternative service delivery options. There has been a move in the South African government towards entering into Public Private Partnerships as an alternative to improve quality service delivery and ensure development in specific local communities (Jonker, 2001:256).

The use of Public Private Partnerships has been found to be an excellent means for governments to access private sector financial and technical expertise for the provision of services (Aiello, 2007:16). However, a PPP is not a complete financial and technical solution to the problems of public sector, but rather a procurement option where local government can access the private sector's financial, design, construction and operational skills.

The private sector involvement should not be regarded as a panacea for all local government problems, but it can play a complementary role (Gildenhuys & Knipe, 2000:78). The private sector should be involved in the delivery of specific services within local government. Furthermore drawing the private sector into the delivery of municipal services does not necessarily mean a weakening of local government or abdication of its responsibility to the people (<http://www.sacp.org/docs/stratcom/ppp's.html>).

Public Private Partnerships are based on medium and long-term contracts that include well-functioning systems of rule of law, transparency and accountability. The contract for a PPP may run from 3 to 30 years. Contracts that are entered into between a municipality and the private sector, may include local communities (Fourie, 2006:930). A PPP contract is based on outcomes formulated by public sector but such outcomes can only be achieved when local government knows exactly what it want (Manuel, 2007).

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

In an explanation to gain understanding of a PPP, the following aspects will receive attention: the four options of PPPs, characteristics of PPPs, and the establishment of an enabling environment for a PPP.

**3.7.2.1 The four types of PPPs**

Relating to Public Private Partnerships, four options or types are identified in the literature. The options of PPPs differ depending on the allocation of responsibility (Phago, 2004:23). The four options include allocations of ownership, financing, operational and maintenance responsibilities as well as the element of risks between government and the private sector. Van Rooyen (2005:607-608) and Gildenhuis and Knipe (2000:79) identify the four options of PPPs as follows:

**Table 3.1: Identified the four identified types or options of PPP**

1. Public ownership and public operation-, involves the public entity enjoying financial and management autonomy.
2. Public ownership and private operation- may be achieved through concessions and leases which may allow the government to delegate operation of infrastructure facilities and responsibility for new investment
3. Private ownership and private operation- the private sector achieves a high revenue factor from for instance user charge especially where commercial risks and risks associated with political interference are low.
4. Community and user provision- self-help arrangements are put in place and communities themselves are involved in providing services and development endeavours with the government creating an enabling environment as a facilitator.

**3.7.2.2 Characteristics of PPPs in local government**

Jonker (2001:257) asserts that Public Private Partnerships comprise far more than merely contracting out, but considerably less than a total union. In a PPP arrangement, the public and private sector enter into a long-term relationship to deliver services to the public. Kroukamp (2005:74) reports that the increasing utilisation of PPP reflects a desire to develop and sustain

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

close relationships with the external market and that public authorities and the private sector are keen to promote service delivery local communities. Public Private Partnerships contain unique characteristics, which differentiate them from traditional procurement and other Alternative Service Delivery (ASD) options. In this section, the National Treasury PPP unit set out the unique characteristics of PPP in local government.

- a) A PPP is clearly defined project where local government carefully defines its objectives.
- b) The contractual relationship covers a set period of time which may range from 3 to 30 years.
- c) The private party plays a key role at each stage of the project: funding, development, design, completion and implementation.
- d) The funding structures of a PPP sometimes include both public and private funds.
- e) Payment arrangements in PPPs are based on outputs relating to the provision of services and/or infrastructure and services.
- f) PPPs are not a way of avoiding payment for capital projects. They allow local government to spread payments for large projects over the project's life cycle.
- g) Direct user charges, like road tolls or water fees, may also contribute to project revenue.
- h) Risks are allocated to the party mostly able to carry them. This means mitigating their impact and being able to absorb their consequences.
- i) Fixed and operational assets are adequately maintained over the project's lifetime (<http://www.ppp.co.za>).

### **3.7.2.3 Establishing an enabling environment for Public Private Partnerships (PPPs)**

In promoting socio-economic development in municipalities, a need may arise for Public Private Partnerships. Municipalities should plan for a number of PPPs or MSPs to be established for provision of various services, because these are tools to ensure improved service delivery. PPPs may derive benefits from correct implementation of project management (Feller, 2006-2007:10). For the implementation of PPPs to be successful, a co-operative environment needs to be established in municipalities.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Municipalities should ensure that there are sufficient capacity and resources to support Public Private Partnerships. While legislative and institutional reforms developed, also create an enabling environment for PPPs to function effectively (Williams, 2001:215). Van Rooyen (2005:613) cites basic characteristics of an enabling environment. For the purpose of this study, the six requirements are outlined.

- a) Innovation should occur through learning.
- b) Institutional capacity should be in place to ensure that proper support is available to facilitate partnership success.
- c) It is imperative to ensure that the community's needs are met through such partnerships.
- d) Fair competition in accessing contracts and appointments should prevail.
- e) Contractual arrangements that govern partnerships should be formal, lucid and appropriate to nature of the endeavour.
- f) Access to finance forms and important component in partnership since restrained access to reasonable credit facilities is prohibitive to HDI (c)s or SMMEs to bid for contracts or to perform optimally (Van Rooyen, 2005:613).

PPPs in South African local government, may serve as a viable Alternative Service Delivery (ASD) option. It is important for a number of PPPs or MSPs to be established in the area that have previously been investigated. The National Treasury PPP unit maintains that municipalities have investigated PPPs in portable water treatment and distribution, wastewater treatment, mixed use property development, solid waste management, head office accommodation and landfill gas extraction for energy conversion. Local government should ensure that an enabling environment created so that various PPPs or MSPs can be implemented.

### **3.7.3 Legislation supporting PPPs in local government**

The role of legislation in local government service delivery and development cannot be underestimated. Legislation is fundamental to functioning of local government. Local government has a legislative framework that outlines how it should function to ensure the



*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

welfare of its citizens. It is important for the purpose of the study to outline some of regulatory regime affecting Public Private Partnerships or Municipal Service Partnerships in local government.

**a) The Constitution of the Republic of South Africa, 1996**

Since the Constitution of the Republic of South Africa, 1996 is the supreme law of the country and forms the basis for every law enacted in the country, the enactment of other legislation should not contradict the stipulations. It is important to note that all other legislation enacted in local government has to be in line with the Constitution of Republic of South Africa, 1996. Chapter 7 of the Constitution of the Republic of South Africa, 1996 outlines how local government should function to improve the welfare of local communities. In case of Alternative Service Delivery options, the Constitution of the Republic of South Africa, 1996 states that “when an organ of state in the nation, provincial and local sphere of government or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective”. The Constitution insists that the right procurement process should be followed when considering of Alternative Service Delivery options, no exception of PPP as an ASD option. Amongst others in the existing procurement process a Request for Proposal (RFP) also to be advertised in the media for potential private partners.

**b) White Paper on Municipal Service Partnerships, 2000**

The White Paper on Municipal Service Partnerships, 2000 acknowledges PPPs as a strategy to ensure universal access to municipal services. The White Paper considers PPPs to be one of the best Alternative Service Delivery options to assist municipalities in providing quality and affordable services. However, it further acknowledges the challenges that exist in the implementation of MSPs because of a gap in the policies. The White Paper on Municipal Service Partnerships, 2000 highlights the different types of MSPs, reasons for their use and benefits that make MSPs a good Alternative Service Delivery option.

**c) White Paper on Local Government, 1998**

The White Paper on Local Government, 1998 identifies local government as an important distinctive sphere of government. Local government in the democratic South Africa has been allocated elevated status and roles in building democracy and promoting socio-economic development. In case of Public Private Partnerships the White Paper on Local Government, 1998 explores new approaches to service delivery. In Section f of the White Paper on Local Government, 1998 Public Private Partnerships is one of the new approaches to service delivery.

**d) Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003)**

The Municipal Finance Management Act, 2003 (Act 56 of 2003) was enacted with the purpose of regulating the financial affairs of municipalities and local government institutions. The MFMA provides direction on financial management and related aspects. Under the MFMA, there are numerous regulations, which include Exemptions from Supply Chain Management 2005, Municipal Investment regulations, Municipal Public Private Partnership regulations and Municipal Supply Chain Management regulations. In the case of Public Private Partnerships, the MFMA spells out the conditions of and process for Public Private Partnerships in Section 120 of the Municipal Finance Management Act, 2003 (Act 56 of 2003). All of the above form part of the regulatory framework, which governs the PPP process and monitors conduct.

**e) Local Government Municipal Systems Act, 2000 (Act 32 of 2000)**

The Municipal Systems Act, 2000 (Act 32 of 2000) contains core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the socio-economic development of local communities. The MSA provides guidelines on how municipalities go about towards achieving value for money and affordable services. Chapter 8 of the Municipal Systems Act, 2000 (Act 32 of 2000) outlines guidelines for the provision of services through service delivery agreement with external mechanisms.

**f) Municipal Public Private Partnerships Regulations, 2005 (Reg 1 of 2005)**

The Municipal Public Private Partnerships Regulations, 2005 (Reg 1 of 2005) are classified under the MFMA to regulate the provision of services in municipalities through Public Private Partnerships. PPPs are tasked to promote value for money, affordability and indicates the risk transfer between two parties in agreement. The regulation outlines how PPPs or MSPs should be regulated to comply with standards.

**g) Municipal Service Delivery and PPP Guidelines, 2007**

Although Public Private Partnerships in Local Government were formally introduced before 2007, no clear guidelines existed to assist municipalities in the utilisation of the PPPs. However, Municipal Service Delivery and PPP Guidelines were introduced in 2007 to provide clear guidelines to municipalities. The guidelines outline the municipal PPP project cycle reflecting Municipal Public Private Partnership Regulations, 2005 (1 of 2005), Municipal Finance Management Act, 2003 (Act 56 of 2003) and the Municipal Systems Act, 2000 (Act 32 of 2000).

**3.7.4 The three basic requirements for PPPs**

The three basic requirements for Public Private Partnerships are the prerequisites that should be met when a municipality enter into a PPP agreement. Section 120(1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) states that “a municipality may enter into a PPP agreement, only if that municipality can prove that the agreement will meet the basic requirements”.

Pillay (2010) refers to the three basic requirements as the three basic tests for Public Private Partnerships, because these are globally applied standard tests to determine whether a PPP is the most-appropriate means for procuring a public asset or service. For the purpose of the study, it is important to identify and describe the three basic requirements.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

**a) Risk**

Risk appears to feature prominently in every aspect of service delivery in municipalities. If a municipality is to achieve its objectives through the utilisation of PPPs, the level of risk needs to be well managed. Pillay (2010) asserts that the key characteristic of PPPs is the transfer of risk from the public sector to the private sector. Risks include, political and legal, force majeure, technical, economic and financial, as well as commercial (Fourie, 2008:563). However, it is important to realize that a municipality does not transfer all risks to the private sector.

**b) Affordability**

Affordability is an important test that determines whether a municipality can afford PPP given the available budget. Under the Municipal PPP regulations, 2005 (1 of 2005) affordability in relation to a PPP agreement “means that the financial obligations (if any) to be incurred by a municipality in terms of an agreement can be met by the following”:

- Funds designated to the municipalities for the current year outsourced in terms of the agreement;
- Funds destined for that activity in accordance with the future budgetary projections of the Municipality;
- Any allocations to the municipality; and
- Any combination of such funds and allocations;

The services should be affordable to both the municipality and local community as the recipients. Public services should be provided economically, effectively and efficiently to give citizens best value for money (Hilliard & Msaseni, 2000:75).

**c) Value for money**

In terms of the Municipal PPP regulations, 2005 (Reg. 1 of 2005) value for money in the relation to PPP agreement “means that the performance of a private party in terms of an agreement will result in a net benefit of a municipality in terms of cost, price, quality, quantity, risk transfer or

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

the combination of the factors”. According to the Guidelines on Accounting for PPPs (2008:7) PPP agreements are aimed at improving value for money through provision of quality services.

In conclusion, it is important that Public Private Partnership’s agreements should demonstrate transfer of risk, affordability and value for money. Public Private Partnerships has to meet the three basic requirements. These three tests are basic characteristics of Public Private Partnership agreement. It is important that Public Private Partnerships should meet these requirements as prerequisite.

### **3.7.5 General principles governing Public Private Partnerships (PPPs)**

Municipalities should be guided by a set of principles and values in the execution of their duties. Application of the values and principles should ensure that Local Government takes accountable decisions for service delivery. According to Gildenhuis and Knipe (2000:84) there are principles governing Local Government decisions when choosing PPPs as Alternative Service Delivery (ASD) options. Jonker (2001:259) affirms the general principles governing Public Private Partnerships. The principles will ensure that Local Government reaches its objectives through the ASD option. In this section, the general principles governing PPPs are outlined.

- a) Engagement of the private sector in service provision does not relieve Local Government of its responsibility for service delivery.
- b) Whether in the public or the private sector, the organisation that provides the service should be accountable to the people who are being served.
- c) Provision of infrastructure should be undertaken in such way that service will be provided in a sustainable manner.
- d) Services should be extended as quickly as possible to historically disadvantaged sectors of the population.
- e) Services need to be provided in manner that does not degrade the environment.
- f) Adequate measures should be incorporated to ensure that skills developed during the execution of the contract are transferred to individuals where applicable.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

- g) Displacement of current employees should be kept to a minimum.
- h) Steps to engage the private sector should be taken in such a way that all stakeholders are aware of what is being done and why it is being done.
- i) Competition among service providers-including Local Government itself should be the driving force when seeking reasonable costs and good service.
- j) The standard of the service being provided should be maintained at an acceptable level.
- k) Mechanisms that allow for response to customers' needs should be developed or introduced.
- l) Consumer participation in effective delivery of local public goods is central to community provision of services.
- m) Expansion of infrastructure to meet basic needs should be affordable to both households and local government, and not compromise the long-term financial viability of third-tier government.
- n) Extensive restructuring of infrastructure for a service delivery system will depend on significant capacity principles.
- o) The development impact of construction projects should be minimised to the greatest degree possible (Gildenhuys & Knipe, 2000:84).

It is important that the principles cited in this section should provide local government with enough guidelines to run PPPs (Gildenhuys & Knipe, 2000:86). Expectations of local government when entering into Public Private Partnerships are mentioned. Local government should know what is expected of them before they enter into a PPP agreement. This should ensure that local government enter into accountable agreements with the private sector and other stakeholders. Furthermore, these principles should ensure optimal efficiency, effectiveness, transparency in service delivery, which are essential elements of a PPP agreement (Jonker, 2001:260).

### 3.7.6 Public Private Partnerships (PPPs) process in local government

The step-by-step process of a PPP projects implementation gives an indication of the complexity of providing the services in conjunction with a private sector partner. The complexity of this process poses a challenge to municipalities and much view the process as time consuming. It is therefore important to present a simplified Public Private Partnerships process ([www.ppp.gov.za](http://www.ppp.gov.za)). The simplified version of the process is shown in Table 3.2.

**Table 3.2: A simplified PPP process**

1. Discussion. This is the initial stage of an idea to involve the private sector partner in the service rendering obligation of the public sector.
2. Appointment of experts. If there is not enough in-house expertise for PPPs, then consultants should be appointed for the provision of technical expertise after detailed discussion and investigations.
3. Stakeholder involvement. The involvement of the community, trade unions and other stakeholders such as SALGA are consulted.
4. Pre-qualification bidders. The private sector companies that are interested in joining the municipality in a PPP deal are identified and approached on the briefing of the project
5. Request for proposals (RFP). This request contains all the necessary technical and administrative details, legal frameworks and the cost estimations.
6. Submission of bids. A deadline should be set and only bidders that are considered technically correct should be accepted.
7. Evaluation. A panel of independent evaluators is formed in order to maintain impartiality and transparency.
8. Each winning Consortium is awarded a contract
9. Negotiations. The winning private partner enters into negotiations with a municipality to finalise the signing of the contract.
10. Conclusion. Corporate bodies and monitoring committees directly responsible for the implementation of the project are established.
11. Implementation process. This is the step for the delivery of services based on the agreement reached.

(Source: Solomon (1998), as cited in Phago (2004). A presentation made at the University of Witwatersrand.)

### **3.7.7 Challenges and constraints of PPPs in local government**

PPP in the South African local government is still in the initial stages, as it is less than a decade since it was officially adopted by the South African government. Very little institutional knowledge exists in especially the smaller and outlying municipalities. Generally, municipalities experience a lack of capacity, which adversely affects the implementation of PPPs. In the process to achieve the goals regarding service delivery utilizing PPPs, it is important to note that the agreement be subject to strong, accountable, and transparent guidelines to promote accountability to the Public (Fourie, 2008:566). It should be noted that PPPs should be based on contractual agreements, which should be constructed in public arenas with all stakeholders involved. In addition, the National Treasury PPP-unit states that more competition should be created in the PPP market, particularly in the funding of the project by financial institutions. In addition to the challenges explained above there are constraints that exist in PPPs. Kroukamp (2005:77) writes that the following constraints regarding the establishment of effective partnerships exist:

- the political divisions and conflict with the communities;
- a lack of capacity to manage the processes of planning, implementation and monitoring of departmental outputs;
- local government lack of capacity to engage in true partnerships due to limited skills, expertise and a lack of commitment among its officials;
- a general of lack of administrative and financial resources to support municipal partnerships in local government; and
- differences between organisational capacity and operational ethos of partners sometimes difficult to reconcile.

In conclusion, of this section on the challenges and constraints of PPPs in local government, the White Paper on Municipal Service Partnerships, 2000 acknowledges that there is a gap, which creates uncertainties. It acknowledges that the gap also exist within the policy frameworks which limits the utilisation of MSPs. Some of the policy frameworks do not clearly spell out what



exactly what needs to be done in the implementation process of PPP and this impedes progress in PPPs (Aiello, 2007:16).

### **3.8 Mechanisms to promote accountability in Public Private Partnerships in local government**

In South African local government, there is a challenge surrounding accountability. Accountability is the missing link in the service delivery chain and evidence of this is in the protests from different local communities in the country. The lack of accountability in municipalities affects service delivery adversely and compromises socio-economic development in their areas. The public continue to protest against lack of and incomplete service delivery. Mafunisa (2002) agrees with Kernaghan and Langford (1990:60) that accountability is the obligation to answer for the fulfilment of assigned and accepted duties within the framework of authority and resources provided. The utilisation of Public Private Partnerships as an alternative service delivery option in local government calls for accountability by the municipality. Therefore, it is important in this section to explain two mechanisms, which can be applied to promote accountability in Public Private Partnerships in local government. These mechanisms are public participation and contract management.

#### **3.8.1 Public participation as a mechanism for accountability in PPPs**

Public participation is supposed to bring local communities as major stakeholders, closer to Municipalities. In this section public participation as a mechanism to promote accountability is explained.

##### **3.8.1.1 Definitions of terms**

According to Fox and Meyer (1995:20) public participation “is the involvement of citizens in a wide range of administrative policy-making activities, including the determination of levels of

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

service, budget priorities, and the acceptability of physical construction projects in order to encourage a sense of cohesiveness within a society”.

According to Brynard (1996: 41), “Participation is defined as an activity undertaken by one or more individuals previously excluded from the decision-making process in conjunction with one or more other individuals who were previously the sole protagonists in the process”.

Public participation can be described as an instrument employed to protect the democracy of South Africa. In public participation, communities as major stakeholders in government are granted an opportunity to become involved in what government does in their name. The communities should evaluate the services and infrastructure provided by government and other agencies.

### **3.8.1.2 Overview of public participation**

Public participation is a mechanism to promote involvement of the communities that were previously excluded from the decision-making processes of government (Brynard, 1996:41). This statement implies that communities in the previous years were marginalized. Although the South African government in the past years has been operating and functioning in a close system approach, the communities have not played a part in influencing the decision making of government. However after South Africa became a democratic country, it is currently functioning in an open system (Malefane, 2008: 708). The government of South Africa ensures that all stakeholders play a role in its decision-making processes.

Furthermore, public participation in South Africa is supported by number of laws. Firstly, the Constitution of the Republic of South Africa, 1996 forms the basis of every law or regulation passed in South Africa, it stresses the importance of public participation in all spheres and levels of service delivery in government. Secondly, the Promotion of Access to Information Act, 2000 (2 of 2000) also cites the right to information as a fundamental right to foster effective public participation.

Thirdly, public participation in service delivery is promoted by the Municipal System Act, 2000 (32 of 2000), which refers to necessity for public participation in Alternative Service Delivery options (PPPs). Finally, the Open Democracy Act of 1994 states that for South Africa to be regarded as a democratic country public participation needs to be an evidence. Public participation in South Africa strengthens democracy and provides the fundamental rights of every citizen as it is viewed as a cornerstone of every democratic state in the world.

### **3.8.1.3 Public Participation in local government service delivery**

The Municipal Systems Act, 2000 (Act 32 of 2000) asserts that the obligation of local government is to promote public participation in service delivery. It states that within the context of service delivery options in local government, public participation is an acceptable mechanism. Communities should be involved at all stages of the service delivery process in local government.

According to Doorgapersd and Muller (2006:342) if South Africa is to achieve participatory and accountable government, its citizens should be aware of the government's process, what is done in their names and how it works. Public participation in local government needs to be an integral part of the decision-making process of government. Hilliard (1996:2) argues that local government will achieve its purpose, only when it promotes the involvement or participation of all stakeholders (including, communities) in decision-making.

Furthermore, Nzimakwe and Reddy (2003:675) maintain that communities can participate in Local Government affairs at different levels. Communities can participate in the following roles:

- active citizens;
- customers or consumers;
- owners or shareholders;
- policy makers or issue framers; and
- vision builders

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Local government should embrace public participation at all levels. Public participation should be a priority in service delivery within local government. It follows that public participation in local government is the first step in promoting socio-economic development in local communities.

#### **3.8.1.4 Objectives and problems related to public participation**

The objectives of public participation will assist local government in achieving socio-economic development in local communities. Kakumba and Nsingo (2008:109) confirm the objectives of public participation in Local Government as cited by Brynard (1996). Some of the objectives of public participation are:

- Provide information to citizens.
- Get information from and about citizens.
- Improve public decision-making, programmes, projects and services.
- Enhance acceptance of public decisions, programmes, projects and services.
- Supplement public agency work.
- Alter political power patterns and resource allocations.
- Protect individual and minority rights and interests.
- Delay or avoid complicated difficult decisions (Brynard cited in Kakumba & Nsingo, 2008:109).

It is acknowledged that although the objectives are explicit, problems and pitfalls in public participation in local government continue to exist. In local government public participation encounters several problems and pitfalls. Most of the challenges emanate from the communities who were previously marginalised. For the purpose of the study some of the problems and pitfalls evident in public participation are outlined (Fourie, 2001:221).

- Literacy levels of citizens;
- Logistical problems, such as transport and telecommunications;

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

- Inexperienced officials dealing with the needs and demands of citizens; and
- problems preventing public participation include customs and traditions, dependency and apathy

The identified pitfalls and problems need to be addressed if effective public participation is to take place. Local government should invest in public education and logistics including roads and information centres. Local government should provide adequate training to its officials to improve their knowledge and widen their experience.

### **3.8.1.5 Various theories of or views on public participation in local government**

According to Hilliard (1996:2), the objectives and purposes of local government cannot be achieved unless proactive management is practiced namely ensuring the involvement of all stakeholders in municipal affairs. In this context Hilliard, stresses the importance of public participation in local government. Public participation is regarded as the cornerstone of functioning functional local government.

According to Brynard (1996:41) public participation in local government appears to have a broader impact than decision-making. Public participation starts before decisions are made and it is an ongoing practice, public participation is an important mechanism in the processes of local government. According to Clapper (1996:52) and Fourie (2001:221) in order to embrace true democracy in local government, public participation needs to be evident. If public participation is absent abuse of power by the officials and political office-bearers will follow.

Maphunye and Mafunisa (2008:463) state that “Public participation in decision-making and policy making processes should be understood in the context of democratic theory and the overall analysis of democracy”. Public participation is a mechanism used to deepen democracy and it is a fundamental of democracy.

Thornhill (2004:471) reports that communities lack civic knowledge of the government processes and service provision standards. Communities without relevant knowledge cannot

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

evaluate public service in general and municipal services in particular. Thornhill emphasises that there is a need for public participation to be promoted in local service delivery.

Reddy and Skhakhane (2008:683) emphasise the importance of effectual ward committees to promote democracy and good governance. Swanepoel (1992:4) adds that local people are the leading authorities on their own and know their environment best.

The importance of public participation in the spheres of government cannot be underestimated particularly in local government. It is accepted that the value of the democracy in South Africa is in its citizens. Public participation in service provision by the local government and other agencies should be promoted and explored. Furthermore, the participation of local communities in Public Private Partnerships as an Alternative Service delivery option can produce mechanisms for development within municipalities.

#### **3.8.1.6 Methods and mechanisms to improve public participation**

According to Phago (2008:239) methods with which effective public participation in municipalities can be promoted are available. These methods are similar to those that community members from the previously disadvantaged background used to participate. The communities mobilised mass movements. The methods that the local communities in the post-1994 dispensation can use to participate in local government affairs include among others:

- izimbizo;
- community ward structures;
- traditional leaders;
- public consultations, meetings and hearings; and
- conferences, workshops and events (Phago, 2008:239-242).

Furthermore, one should not lose sight of the increasing number of service delivery protests currently employed as popular mechanism for public participation. Service delivery protests currently dominate local sphere of government, in particular local municipalities. In addition,

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

other than in service delivery protest, it is acknowledged in local government that local communities from disadvantaged backgrounds do not actively participate in the affairs of municipalities. There exists a need for local government to improve public participation in their decision-making. Fourie (2001:224) is of the opinion that the following mechanisms can be used to improve public participation in local government:

- facilitating public participation;
- improving citizen education;
- enhancing administrative capacity by training officials;
- providing a valuable service to be close to the citizens;
- building partnerships and trust with citizens; and
- maintaining citizen enthusiasm to participate.

Through these mechanisms, public participation in local government can be encouraged. However, these approaches can only be implemented by only if local government is determined to do so and be responsive to the needs local communities. Local communities need to take part in the development of their areas.

### **3.8.2 Contract management as a mechanism for accountability in PPPs**

Contract management is the process that compels the parties to a contract to meet their obligations (Municipal Service Delivery and PPP Guidelines, 2007). In this section contract management as a mechanism to promote accountability in Public Private Partnerships is explained.

#### **3.8.2.1 Understanding contract management**

A meaningful contract is the aspect that determines the success of a Public Private Partnership. A Public Private Partnership is an agreement between a municipality and a private sector partner. PPP agreements are based on medium-term and long-term contracts that rely on the rule of law,

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

transparency and accountability (Fourie, 2006:930). In managing Public Private Partnerships to be efficient, effective and accountable a well-formulated contract is required. To achieve the outcomes of Public Private Partnership good contract management is essential (Fourie, 2008:564).

This process runs from the initiation phase to the exit phase of a PPP project. However, there are issues and difficulties regarding contract management that can arise from:

- no clearly specified public goods and service requirements
- difficulty of maintaining technically competent staff in Public Administration to manage contracts properly; and
- corrupt political and administrative officials and practice (Fourie, 2008:567).

Furthermore, a Public Private Partnership contract needs to be managed effectively to ensure that both parties meet their obligations. According to the Municipal Service Delivery and PPP Guidelines, 2007 certain conditions should be met, if a PPP contract is well managed. Critical success factors or conditions are.

- The arrangements for service delivery continue to be satisfactory to both the municipality and the private party.
- The expected PPP benefits, value for money and innovation are being realised
- There is good relationship between the municipality and the private party
- The Municipality is aware of its contractual obligations and has the necessary resources and expertise to honour them.
- Knowledge management and succession planning are used to retain intellectual capital and the expertise of key staff.
- Disputes are resolved at the appropriate level through the partnership management system without recourse to external dispute resolution



*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

- Changing service delivery requirements are anticipated, and variation procedures are used to minimise any negative consequences of change and maximise any opportunities brought about by change (Municipal Service Delivery and PPP Guidelines, 2007).

For a Public Private Partnership agreement to work towards ensuring service and infrastructure provision, contract management should be effective as Public Private Partnership's outcomes can be achieved only if there is effective contract management.

### **3.8.2.2 Contract management stages**

Contract management is defined as a process. A contract management process in particular involves different stages in the PPP project cycle. The Municipal Service Delivery and PPP Guidelines, 2007 outlines the stages of contract management in a PPP project. For the purpose of this study, the stages are identified and defined.

**Table 3.3: Contract management stages**

1. Procurement stage period from initiation to signing of contract
2. Development stage from signing to start of service delivery start
3. Delivery stage the period when services are provided
4. Exit stage final phase of the project- winding up

(Source: The Municipal Service Delivery and PPP Guidelines, 2007)

Contract management comprises three functions that need to be evident at all stages of contract management mentioned above (Mkwhanazi, 2010). The three aspects of contract management functions are identified and defined.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

- Partnership management – is concerned with structures of accountability and how the municipality and the private party relate to each other.
- Service delivery management- can be described as the systems and procedures designed to manage risk and performance
- Contract administration- covers the administrative processes required to ensure that all the procedures contained in the contract and all the documentation relating to the contract are effectively managed.

Contract management functions need to be carried out at the four stages of the contract management. Executing these functions will ensure that contract management is successful and the envisaged outcomes of Public Private Partnership as stipulated in the contract or agreement are achieved. The three functions of contract management can be regarded as cornerstones for contract management in any Public Private Partnership agreement.

### **3.8.2.3 Role-players in contract management in a municipality**

To oversee contract management in the project properly expertise of different role players in a municipality is needed. In the context of Public Private Partnerships, there are different role-players. These include the advisers, project officer, contract management team and an accounting officer. However, in this section only the roles and responsibilities of the Project Officer and Accounting Officer will be defined, because the completion of the contract management team is the responsibility of the project officer and there are assigned advisers, their roles take place during the feasibility study. The roles and responsibilities of the project officer and accounting officer are discussed below [The Municipal Public Private Partnerships Regulations, 2005 (Reg 1 of 2005)].

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

a) Project officer

The project officer is a primary role-player in the PPP project cycle. The role and responsibilities of the project officer in contract management are important. The Municipal Public Private Partnerships Regulations, 2005 (Reg 1 of 2005) state that “as soon as a Municipality initiates a project that may be a PPP, the accounting officer must appoint a person with appropriate skills and experience, either from within or outside the municipality, as the project officer for the PPP”. The project officer has to perform the duties set out in section 116 (2)(c)(i) and (ii) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) which are the following:

- to assist the accounting officer by carrying out the following duties:
  - Take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the Municipality or municipal entity is properly enforced
  - Monitor on a monthly basis the performance of the contractor under contract or agreement;
- to oversee the day-to-day management of the contract or agreement.

b) Accounting Officer

The accounting officer of the municipality is the main role-player in contract management. Section 60 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), states that the municipal manager of the municipality is the accounting officer. The accounting officer plays a primary role in contract management of a PPP. According to section 116(2) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) the accounting officer has the following responsibilities:

- to take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced;
- to monitor on monthly basis the performance of the contractor under contract or agreement
- establish capacity in the administration of the municipality or municipal entity; and

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

- regularly report to the council of the municipality or board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor

In addition to the roles and responsibilities as mentioned above from section 116 (2) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) the accounting offer has other roles and responsibilities. In the Municipal Service Delivery and PPP Guidelines, 2007 the following roles and responsibilities are identified:

- Has to take reasonable steps to ensure that the outsourced activity is effectively and efficiently carried out in accordance with the agreement;
- Has to take reasonable steps to ensure that the municipality property which is placed under the control of the private party in terms of the agreement is appropriately protected against forfeiture, theft, loss, wastage and misuse; and
- Has to ensure that the municipality has contract management and monitoring capacity.

The mechanisms mentioned above are needed to promote accountability in Public Private Partnerships in local government. However, the issue is whether the mechanisms for accountability in Public Private Partnerships are properly implemented in local government. This is one of the objectives that led to this study, therefore answers to all the questions on the mechanisms to promote accountability in Public Private Partnerships should be provided in the study.

### **3.9 Conclusion**

The developmental role of local government is cardinal in local communities. The South African local governments are still facing challenges with regard to service delivery and infrastructure development. Local government has work towards socio-economic development and providing quality service delivery to communities. However, communities that are still subjected to poor service delivery and limited development continue to live in poverty. The developmental role attributed to local government is a primary aspect that distinguishes local government from the other spheres. As local government is in close proximity of local communities, it should be the engine of socio-economic development in local communities. Local government needs to put in place mechanisms to work actively towards achieving its policy objectives. In this chapter, the focus was mainly on a review of relevant literature on Public Private Partnerships in local government. The purposes and objectives of the developmental local government were highlighted and the generic administrative functions of public administration were discussed. Most of this chapter dealt with Public Private Partnerships. In Public Private Partnerships, the complementary roles of the private sector partner and the local government as well as the mechanisms to promote accountability were briefly discussed. This chapter forms the basis for this study.

## **Chapter 4**

# **PRESENTATION OF THE CASE STUDIES OF PUBLIC PRIVATE PARTNERSHIPS (PPPs) IN THE BUSHBUCKRIDGE LOCAL MUNICIPALITY**

### **4.1 Introduction**

Public Private Partnerships (PPP) have previously been adopted as an alternative service delivery (ASD) option in the Bushbuckridge Local Municipality (BLM). The Bushbuckridge Local Municipality is currently involved in three projects categorised as Public Private Partnerships. These projects are classified under the macro-project, entitled the Urban Renewal Project (URP). The three ongoing Public Private Partnership projects are the first to be undertaken since the Bushbuckridge Local Municipality (BLM) was established in 2000.

The individual projects are regarded as pivotal in the development strategy of the Bushbuckridge Local Municipality (BLM), for whom development of the local communities and the municipal area is a priority.

Three pertinent case studies of Public Private Partnership projects in the Bushbuckridge Local Municipality are discussed. The chapter is structured in the following manner comprises; **firstly**, the chapter identifies the Urban Renewal Project, which contains the three PPP projects; **secondly**, and most importantly, the three case studies namely the Tourism Precinct, the Multi Modal Transport Facility and the One-stop Government Complex Facility are presented. A conclusion will be drawn from the discussions in this chapter.

## **4.2 The Urban Renewal Project (URP) in the Bushbuckridge Local Municipality**

The Urban Renewal Project (URP) is a large programme undertaken by the local municipality. The project was initiated in 2004 to kick-start development in Bushbuckridge area. The URP forms part of the new planning and development approach adopted by the local municipality. The project is aimed at attracting investment from different public /private sectors to contribute to development and transformation of the area ([www.bushbuckridge.gov.za](http://www.bushbuckridge.gov.za)). The project is part of the provincial and national development plan or schedule, which includes roads and transport, and tourism.

### **4.2.1 Objectives of the URP are as follows:**

- to stimulate Local Economic Development (LED) and growth through business development, eco-tourism and the resuscitation of urban agricultural activities;
- to sustain human settlement and facilitates development to alleviate poverty;
- to create socio-economic spin-offs and synergies for the whole area of Bushbuckridge; and
- to follow the initiative introduced by the former President Thabo Mbeki for socio-economic development, that has 23 nodal points (Truly African Solutions, 2009:1).

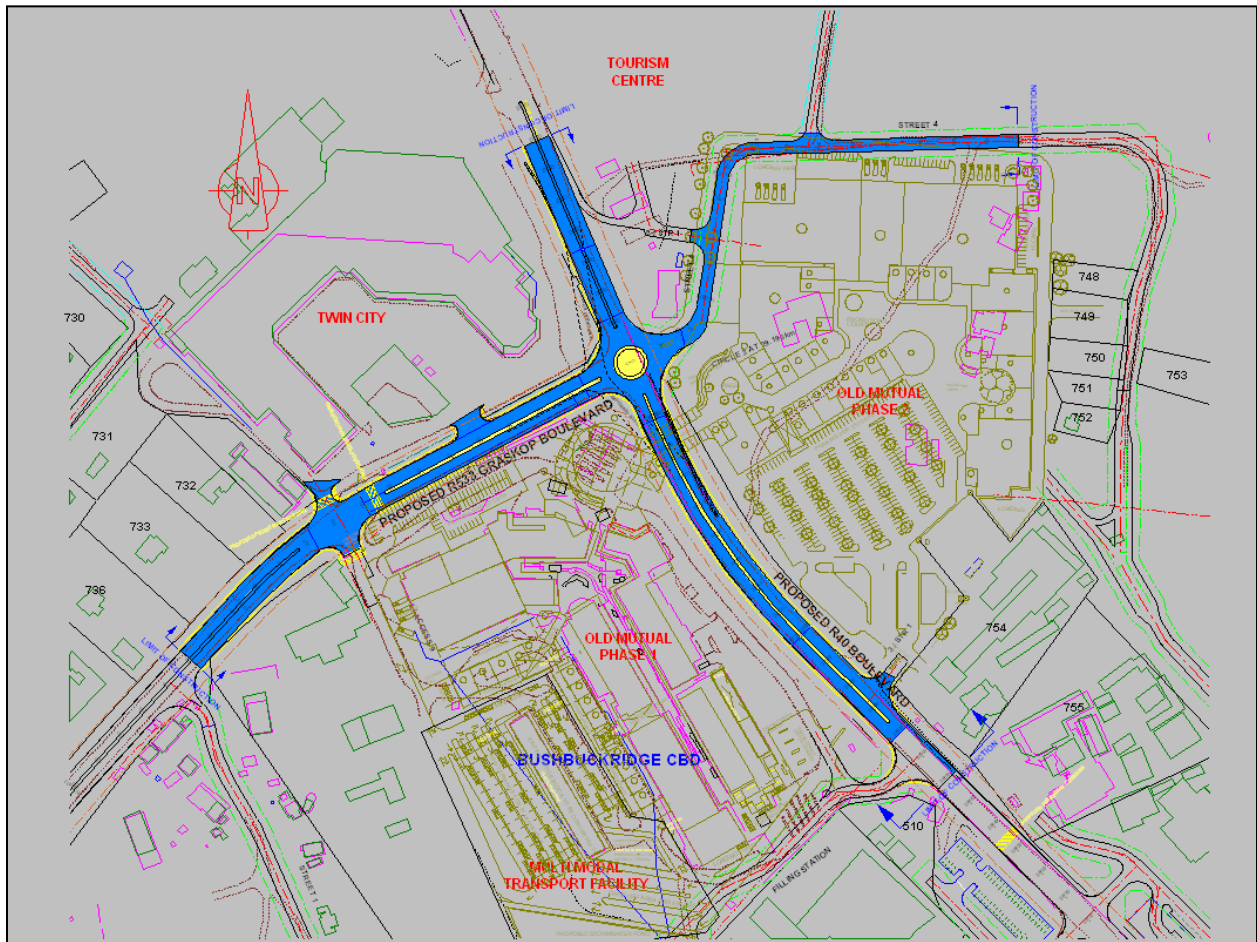
The former President of South Africa, Mr Thabo Mbeki initiated URP as part of a national development initiative. The Bushbuckridge Local Municipality was identified as one of the 23 national Presidential nodal points, which were in need of development; notably the only Presidential nodal point in the Mpumalanga province (Truly African Solutions, 2009:3).

This initiative comprises a number of projects, which aim to develop and transform the local municipal area and Central Business Development (CBD). The projects include the major makeover of the CBD, housing, government complex facilities, sport and recreation development, tourism, agriculture, roads and transport (Truly African Solutions, 2009).

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Furthermore, the area for development has been identified by project officers appointed by the municipality. The identified area is illustrated in figure 4.1 shows, among other things, the Bushbuckridge CBD, tourism area, proposed new R40 Boulevard, and the two city complexes (Twin City & Old Mutual).

Figure 4.1: area of the BLM identified by the Urban Renewal Project team



Source: *Truly African Solutions and Mosomo Arch Engineers. Presentation of Urban Renewal Project. Bushbuckridge Local Municipality Boardroom. 14 November 2009*



**The project team and officers in the project are as follows:**

Truly African Solutions and Mosomo Arch Engineers have been jointly appointed by the Bushbuckridge Local Municipality to drive the Urban Renewal Project. The appointment of the service providers was influenced by the available skills and financial constraints facing the local municipality. The service providers are responsible for the administration of the three projects classified under the Urban Renewal Project. The project team includes the BLM's Municipal Manager as the accounting officer and some of the officials in the Local Economic Development (LED) Unit.

### **4.3 Presentation of three case studies of PPPs classified under the Urban Renewal Project (URP) in BLM**

It is worth to noting that a case study contains facts. Brynard and Erasmus (1995:7) state that “a case study is typically a written record of a situation that has actually been faced in a particular area of learning”. Mafunisa and Maserumule (2004:3) state that “a case study is a record of a business issue that has been faced by business executives. It is categorised as a method of research and teaching in the field of Public Administration. It promotes the shift from theory to practice. It enables academics to put into practice their theoretical knowledge or background (Mafunisa & Maserumule, 2004:4).

In this chapter, three case studies are presented. The projects were introduced with the aim of addressing a situation that is faced by the Bushbuckridge Local Municipality. The three PPP projects are the Tourism Precinct; a Multi Modal Transport Facility; and a One-Stop Government Facility (Project Officers URP, Interview 14 June 2010).

### **4.3.1 Case Study 1: Tourism Precinct project**

The Tourism Precinct is a Public Private Partnership (PPP) initiated by the Bushbuckridge Local Municipality. The project is the result of challenges facing Bushbuckridge Local Municipality, which include a lack of flat land and unavailable privately owned land. The Municipality entered into a partnership with a private party to work towards developing of the municipal area.

#### **4.3.1.1 Partners in the Public Private Partnership (PPP) agreement**

This partnership is between Bushbuckridge Local Municipality and a businessperson from the Bushbuckridge area. The private partner is a property owner in close proximity to the Tourism Centre and the new community radio station. The Bushbuckridge Local Municipality and the private partner have entered an agreement to use the private partner's property for the development of the Tourism Precinct. The private partner owns half of the property on which the development is being done.

#### **Reasons for collaboration are as follows:**

- *Meeting challenges of unavailable land or lack of flat land.* The Bushbuckridge Local Municipality is faced with the challenge of a lack of flat land. Most of the land within the municipal area does not belong to the BLM. The land belongs to the private sector and some of the land is communal land residing under the Traditional Authorities' control. In addition, some of the land in the municipality was under the jurisdiction of the former Lebowa provincial government, which is currently the Limpopo provincial government.
- *Ensuring that development takes place in the municipal area including the private property.* The objective of the Bushbuckridge Local Municipality is to undertake development in the Central Business Development area. The partnership will ensure that the municipality realise its objective, because the land is privately owned.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

- *Involving of the private sector and other stakeholders in the development of the local communities and the municipal area.* Both national and provincial bodies agree there is a need to involve the private sector and other stakeholders to promote socio-economic development.
- *Promoting sustainability in the Tourism Precinct project.* There is a need to involve the private sector to promote sustainability in the Municipality's projects, due to a lack of capacity in the local municipality. The involvement of the private sector will boost capacity in the BLM to manage, maintain and secure the facilities (Project Officer URP, Interview 22 June 2010).

#### **4.3.1.2 Brief context of the Tourism Precinct**

The Tourism Precinct is situated around the Bushbuckridge Local Municipality Central Business Development (CBD). It is next to the R40, which is the main thoroughfare. The location makes it accessible and visible to tourists who pass through the municipal area. Currently, there is construction of new roads and expansion of the existing R40 which makes the Tourism Precinct a central and suitable location.

The project will serve as one of the attractions around the CBD, because is the first tourism precinct in the municipality with facilities which include among others an information centre, radio station and a shopping centre. The project could improve the Bushbuckridge Local Municipality's CBD because no proper planning of the existing CBD has been done to date (Project Officer URP, Interview 22 June 2010).

#### **4.3.1.3 Motivation behind the Public Private Partnership (PPP)**

The Tourism Precinct is a development project that aims at contributing to socio-economic development in the BLM. The Bushbuckridge Local Municipality is situated in close proximity to well-known tourism areas in this part of Mpumalanga, which among others include the Kruger

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

National Park and Sabie Blade Rivers. It is predicted that the Tourism Precinct will be the only information centre in the municipal area. Tourists will have access to information on the nearest tourism areas while enjoying the best food and cultural activities the Bushbuckridge Local Municipality has to offer. Some of the objectives of the Tourism Precinct are:

- to contribute to the socio-economic development of the municipal area and the surrounding local communities;
- to create jobs to alleviate the more than 70 percent unemployment rate in the Municipality area;
- to honour the mandate set out by the former President of South Africa; and
- to establish revenue-generating schemes that will boost the Municipality's finances (Project Officer URP, Interview 22 June 2010).

The above mentioned objectives are important factors which drivers for development of the Tourism Precinct. This project will contribute hugely towards socio-economic development in the municipal area. It will further set the stage for the development of the outlying districts of the municipal area.

#### **4.3.1.4 Size of the property**

The Tourism Precinct should become a large infrastructural asset in the Bushbuckridge Local Municipality area. The complex will include a Community Radio Station, a Tourism Centre, a craft building, coffee shops and food franchises such as Nandos, Wimpy, Steers, Spur and MacDonalds. The project includes building an access road and widening the existing road. The Tourism Precinct has the potential for further development (Project Officers URP, Interview 22 June 2010).

#### **4.3.1.5 Participants in the project**

A number of participants have bought into the project run by the local Municipality. The participants play different roles in contributing to achieving the set goals.

The participants in the project are ([www.bushbuckridge.gov.za](http://www.bushbuckridge.gov.za)):

- *The Bushbuckridge Local Municipality.* This municipality is the initiator of the Public Private Partnership project that is under way. The BLM as a participant also initiated the development of the Tourism Precinct. They built the Tourism Centre as well as new Bushbuckridge Community Radio Station. The Municipality had seen a need to develop the area around the CBD as part of URP, which led to the Tourism Precinct project.
- *The private sector (Businessman).* This is the private partner in the initiated Public Private Partnership project. The businessman is directly involved as a partner in the Tourism Precinct project. The private partner is the owner of property within the planned Tourism Precinct. Furthermore, the private partner entered into an agreement with the municipality to take responsibility for the development and management of the project.
- *The Community Development Forum (CDF).* This CDF is made up of representatives of the local communities in the PPP project. The CDF comprises members nominated by a community to represent them in developmental matters affecting their geographical area. It is a committee, which mainly represents community interests. In the Tourism Precinct project, members of different CDFs in the Bushbuckridge Local Municipality are involved.

#### **4.3.1.6 Type of partnership between the parties in the agreement**

An agreement between two parties can be beneficial to all the parties involved. Both the parties have the responsibility to ensure that the Tourism Precinct project becomes a successful Public Private Partnership. The parties have shared roles and responsibilities in the development of the

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Tourism Precinct. According to Project Officer URP (Interview 22 June 2010), the PPP contract the two parties have to share the responsibilities:

- Management

The two parties will jointly manage the Tourism Precinct. Both the parties will ensure the smooth operation of the Tourism Precinct and take on the day-to-day running of the area. Joint management means shared responsibilities between the Municipality and the private partner in the Tourism Precinct. Their management responsibilities will be guided by the agreement or contract entered into by both parties that spells out what are the roles and how the responsibilities of both parties are distributed.

- Maintenance

The maintenance of the Tourism Precinct is one that needs attention and the parties will have joint responsibility for maintaining the facility. The parties will be responsible for ongoing renovations and upgrading the Tourism Precinct. Continued maintenance of the Tourism Precinct will ensure that the facility remains in good condition. Responsibilities regarding maintenance are spelt out in the agreement or contract entered into by both parties.

- Security

Provision of security in the Tourism Precinct will be the responsibility of both the municipality and the private partner. The parties will decide on what type and level of security will be needed for the protection of the property, the tenants and the customers. Security system will be needed to safeguard the property against theft, trespassing and natural disasters.

#### **4.3.1.7 Funding for the project**

Part of the project has been paid for by the Ehlanzeni District Municipality. The Ehlanzeni District Municipality will pay for the Tourism Centre in the project, because tourism forms part of the National, Provincial and District programme. The BLM has budgeted for the development of the Tourism Precinct and the Information Centre has been completed. The project was part of the 2009/10 financial year budget, but due to delays it was paid for in the 2010/11 financial year (Project Officer URP, Interview 22 June 2010).

#### **4.3.1.8 The Tourism Precinct as part of the development and transformation within the Municipality**

The Tourism Precinct is an important part of development and transformation of an area, which was a former homeland. It should also be noted that Bushbuckridge Local Municipality is one of 23 nodal points and the only nodal point in Mpumalanga province. The project is set up one of the important site in the Bushbuckridge Local Municipality. For the construction of the project, different local contractors are appointed. However, in the construction of the Tourism centre, a construction service provider from another area was appointed so that was not part of local skills development (Project Officer URP, Interview 17 June 2010).

#### **Sustainability of the Tourism Precinct:**

The Tourism Precinct is a business venture in its own right. Tourism is currently accepted as the growing sector in South Africa and the rest of the world. The sustainability of the Tourism Precinct is not guaranteed, but the project has a fair chance of being sustainable. Sustainability of the PPP project will depend on certain factors (Project Officer URP, Interview 22 June 2010).The different factors are outlined:

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

- Revenue generation

The Tourism Precinct could contribute to the business activities in the Bushbuckridge Local Municipality central business development area. The Tourism Precinct could possibly generate sufficient income to sustain itself and achieve its set goals. Revenue could be generated by shops, crafts and the information centre in the project.

- Marketability

The situation of the Tourism Precinct is one the core advantages that could ensure sustainability. The Tourism Precinct is next to the main R40 road, which means it is marketable and accessible. The community radio station in the Tourism Precinct could also be used to market the area. The communities around the municipal area will be aware of the precinct.

- Create business opportunities

The Tourism Precinct should create business opportunities for the local communities. Some shops could provide hospitality endeavours and be retail outlets. In addition, there is a craft building where business opportunities for local communities business opportunities for the private sector partner.

**The Envisaged benefits of the project:**

Benefits are envisaged for the Tourism Precinct and some of the benefits are already evident as the project progresses. The benefits include skill transfer and job creation for members of the local communities. The project employs students from various colleges who are participating in the construction to gain practical skills. The employment of unskilled members of the local communities contributes to skills transfer. Furthermore, training and workshops are provided for the local communities who are part of this project. The Tourism Precinct is envisaged to create long-term jobs for members of the local communities. The community radio station, tourism



*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

centre and shops will need temporary and permanent staff to run them (Director LED BLM, Interview 30 June 2010).

#### **4.3.1.9 Public participation in the Tourism Precinct**

Community members are directly involved in the municipality's developmental programme. There are the participants in the Tourism initiatives and also in the Community Development Forum (CDF). The CDF is a body of representatives nominated by each community to represent them in community developmental affairs. The CDF is tasked with driving developmental issues of a community and to report to the community on development issues. In the Tourism Precinct, the municipality hold regular community participation meetings to foster community involvement in the project (Director LED BLM, Interview 30 June 2010).

#### **4.3.1.10 Duration of the Public Private Partnership in the project**

The PPP in the Tourism Precinct is a long-term partnership. The success of this project may lead a way for other projects of this nature to be undertaken in the Bushbuckridge Local Municipality (Project Officer URP, Interview 22 June 2010).

#### **Envisaged outcomes of the project:**

The Tourism Precinct will target tourists who travel along pass the Bushbuckridge Local Municipality R40 to the surrounding tourism destinations. A tourism information centre will be available. The local communities could benefit from job creation in the Tourism Precinct. The Tourism Precinct may possibly be a starting point for more PPPs in the municipal area. The municipality expects commitment and dedication to the PPP to follow. The success of this partnership could give the Municipality confidence to consider Public Private Partnership as an

alternative method for other projects undertaken by the Urban Renewal Project (Project Officer URP, Interview 22 June 2010).

### **4.3. Case Study 2: Multi-Modal Transport Facility (MMTF)**

The Multi-Modal Transport Facility is a Public Private Partnership project initiated by the Bushbuckridge Local Municipality. The project is one of the major projects that the Municipality has undertaken. The cost of the Multi-Modal Transport Facility project is estimated at R25-million, excluding infrastructure costs (Town Planners BURPO, 2010:7). This Multi-Modal Transport Facility is a PPP project, which is the first of its kind undertaken by the Bushbuckridge Local Municipality.

#### **4.3.2.1 The context of the Multi-Modal Transport Facility**

The Multi-Modal Transport Facility is one of the projects initiated under the Urban Renewal Project as a PPP. The project was initiated as a result of discussions among various stakeholders on the lack of transport infrastructure around the Bushbuckridge Central Business Development (CBD). There are many informal Taxi ranks in and around the CBD. This problem results in disarray and informal taxi ranks in the CBD (Project Officer URP, Interview 22 June 2010).

The Bushbuckridge Local Municipality views a proper public transport system as a priority in every town. To develop a viable and sustainable town, there should be a proper planned Public Transport Facility, with facilities such as Public Toilets, shops and a roofed area for informal markets. The development of the Transport facility forms part of a new planning initiative of the Bushbuckridge Local Municipality CBD (Truly African Solutions & Mosomo Arch Eng JV, 2010).

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

The Multi-Modal Transport Facility will be situated behind the Twin Cities shopping centre. According to the feasibility study, the location will give local community members better access to public transport, which includes buses and taxis to their chosen destinations.

#### **4.3.2.2 Participants in the project**

The transport facility by very nature will need a number of participants. The participants could be part of the development in the local Municipal area or directly affected by the development. Following participants within the PPP project are identified.

The participants in the project are as follows ([www.bushbuckridge.gov.za](http://www.bushbuckridge.gov.za)):

- *The Bushbuckridge Local Municipality.* As this municipality is the initiator of the project, it is the main partner. It is the BLM's responsibility to ensure that adequate, well-maintained roads and transport are provided within the Bushbuckridge area.
- *The Private Sector Partner.* The private partner is obliged to contribute towards the success of the project because this is part of the agreement entered into with the Bushbuckridge Local Municipality. The private sector partner will play a role in the management, maintenance and security of the property.
- *The Bushbuckridge Taxi Associations (BTA).* As two taxi associations are directly affected by the development, the BLM has brought the associations on board. Currently the associations are responsible for transport in the local municipal area. All taxis operators in the municipal area are affiliated to the Bushbuckridge Local Municipality. Involving the taxi associations meant the municipality's intentions with the Multi-Modal Transport Facility were aboveboard and this led to agreement between the parties.
- *South African National Roads Agency Limited (SANRAL).* SANRAL is responsible for the roads in the country therefore there is a need for their involvement. SANRAL will assist in building facilities that are aligned to the requirements and standards of the country. SANRAL will ensure that relevant requirements and standards are met.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

- *The Community Development Forum (CDF)*. This represents local communities and developments directly affect the local communities as major stakeholders. The CDF represents a local community in matters relevant to developments in their geographical area. Member of CDFs are nominated by the local communities to represent them at meetings where council, developmental and other municipal issues affecting communities are discussed. In the MMTF, a Community Development Forum for every community is represented.
- *Traditional Authorities*. It has been noted that within the BLM as a rural area, Traditional Authorities still play a major role in any development on the periphery of the municipal area. Traditional authorities are recognised as being the representatives of their respective communities. They need to be part of development because development of local municipal areas sometimes involves utilisation of communal land or property. This means that the involvement of the Traditional Authorities as participant and stakeholders is necessary.
- *Informal Traders*. Informal traders are affected as they will be removed from the informal trading areas and accommodated in the new facility. It is important that there should be consultation and agreement between the Informal Traders and the Bushbuckridge Local Municipality. The involvement of Informal Traders in the MMTF will ensure that they are taken into consideration in the allocation of new states.
- *The Provincial Department of Roads and Transport*. The Department of Roads and Transport is directly involved as an affected party that is responsible for partly funding the facility. The department has acknowledged the development of the MMTF as part of provincial development. Their participation in the development of the Multi Modal Transport Facility will speed up the process because a portion of funds will be available.

#### **4.3.2.3 Objectives of the MMTF project**

The Multi-Modal Transport Facility was initiated in 2007. The idea behind this project was to build a transport facility that would boost infrastructural development of the Bushbuckridge CBD. As CBD is an integral part of the Bushbuckridge Local Municipality proper planning was

imperative. The facility could possibly accommodate all the informal taxi ranks and bus stations at one facility. One facility will simplify accessibility and safety transport in the CBD. The project would further ensure a safer environment in the Central Business Development by eliminating the existing confusion (Minutes MMTF, 19 August 2008).

#### **4.3.2.4 Partners in the Public Private Partnership (PPP) project**

The partners in the Public Private Partnership are Old Mutual, Great North Transport (GNT) and the Bushbuckridge Local Municipality. Old Mutual is the owner of the shopping centre next to the land earmarked for the Multi-Modal Transport Facility and they already own half of the property. The GNT is the owner of the property (land) adjacent next to the Multi-Modal Transport Facility and owns a piece of property in the Multi-Modal Transport Facility area. The BLM has initiated the Multi-Modal Transport Facility project.

#### **Reasons for collaboration.**

- The BLM is faced with an issue of land ownership; most the land is owned by Traditional Authorities and the private sector.
- The private sector and other stakeholders in the development of the Municipal area and local communities need to be involved.
- The promotion of development in the entire municipal area including property owned by the private sector is a priority.
- Involvement of the private sector will contribute to sustainability of the Multi Modal Transport Facility.
- Good management of the facility with the capacity, skills and expertise of the private sector needs to be fostered (Project Officer URP, Interview 22 June 2010).

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

These reasons for collaboration are the driving force behind the development of this project in the municipal area. A lack of flat land and land owned by private sector are also challenges facing the municipality.

#### **4.3.2.5 Type of partnerships in the Multi-Modal Transport Facility**

The Municipality has to enter into a joint management contract with the private sector partner. The partnership is designed to assign to both parties in the agreement equal responsibilities and roles. The partnership will become operational on completion of the Multi-Modal Transport Facility project. However, according to the joint Management contract the facility will remain under ownership of the Bushbuckridge Local Municipality. Furthermore, the responsibilities and roles of both parties are clearly spelt out (Project Officer URP, Interview 22 June 2010):

- Maintenance

The Municipality and the private sector partner will have joint responsibility for taking care of the facility. They will ensure that there is regular maintenance of the Multi Modal Transport Facility is done. The parties will be responsible for renovations and upgrading the MMTF. It is responsibility of both parties to take care of the facility and to prevent dilapidation. The parties will share maintenance responsibilities as per agreement in the contract. In the contract, the roles and responsibilities of each party are stipulated and set out clearly.

- Security

The safety and protection of the facility will be the joint responsibility of both parties in the agreement or contract. The parties will ensure that the property is protected against theft, damage and other illegal activities. Security of the Multi-Modal Transport Facility will be a joint responsibility. Security measures will be put in place to ensure the safety of the facility. Both

parties need to agree on the kind of security needed for the facility and property. The parties may decide whether private or their own security companies will be appointed.

#### **4.3.2.6 Duration of the Public Private Partnership project**

In the contract between the Municipality and the private sector partner, the duration of project is usually mentioned. However, this management contract does not indicate the estimated period. The Municipality describes the duration as long-term, which period needs to be agreed on. This is a long-term partnership between both parties. In addition, as outlined above the ownership resides with the Municipality (Project Officer URP, Interview 22 June 2010).

#### **4.3.2.7 Funding for the PPP project**

Funding for the project is an issue because of budgetary constraints. The Provincial Department of Roads and Transport is funding the development of the Multi-Modal Transport Facility. However, the capital for the project provided by the Provincial Department of Roads and Transport excludes infrastructure. The Municipality has had to come with funds to cover the infrastructure of this project. (Truly African Solutions, 2009:5).

#### **4.3.2.8 Sustainability of the Multi-Modal Transport Facility**

The contractual partners will be responsible for ensuring that the Multi-Modal Transport Facility is sustainable. The Multi-Modal Transport Facility should generate its own revenue. This revenue could be used towards maintenance of the facility. The capacity of the partnership should make the facility sustainable (Project Officer URP, Interview 22 June 2010).

#### **4.3.2.9 Envisaged outcomes of the Multi-Modal Transport Facility**

The Multi-Modal Transport Facility has as its aim combining all informal transport facilities under one roof. Taxes and buses will be parked in the Multi Modal Transport Facility. The facility will have a shopping centre, which is part of the new Central Business Development plan. The shopping centre could give the local communities access to new shops (Edgars, Total sports, Identity & Game) which have been represented in the CBD (Minutes MMTF, 19 August 2008).

The appearance of the CBD will be enhanced. The Municipality could benefit from short-term and long-term jobs to be created in the facility. Although all the parties will manage the facility, ownership will be retained by the Municipality (Project Officer URP, Interview 22 June 2010).

#### **4.3.3 Case Study 3: One-Stop Government Complex Facility**

The One-Stop Government Complex Facility (OSGC) is a Public Private Partnership project initiated under the Urban Renewal Project by the Bushbuckridge Local Municipality. It is one of three PPP projects the Municipality is currently involved in. The One-Stop Government Complex Facility Project will cost an estimated **R68-million**, excluding infrastructure (Town Planners BURPO, 2010:9). This project is service oriented, because it will place important services within reach of the local communities.

##### **4.3.3.1 Partners in the Public Private Partnership project**

The partners are the Bushbuckridge Local Municipality and Nedbank. Nedbank, in collaboration with the Municipality has undertaken the development of the One-Stop Government Complex Facility around the Central Business Development.

**The reasons for collaborating are as follows:**



*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

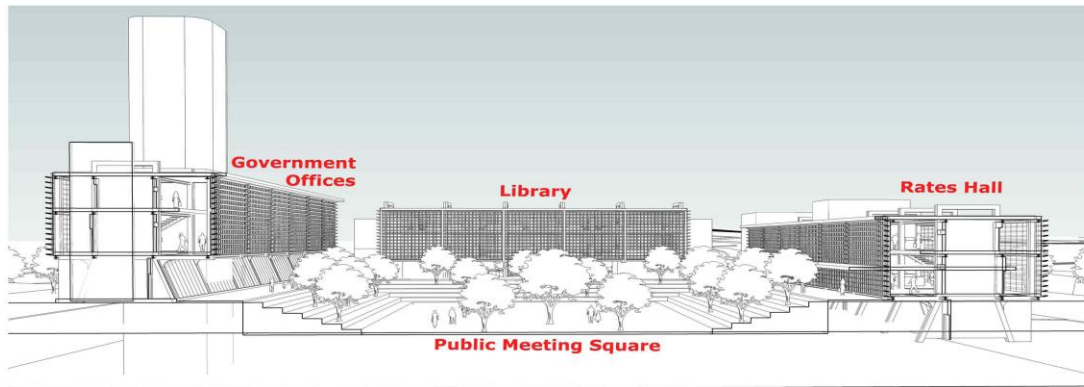
- The financial scarcity facing the Municipality- the Bushbuckridge Local Municipality is operating on a limited budget and is one of the municipalities categorised as having low or no revenue generating mechanisms. It is dependent on the amount allocated from the national budget and grants such as infrastructure grants.
- The involvement of the private sector in the development of the municipal area- in line with national and provincial planning has become necessary, it is important to involve the private sector and other stakeholders to accelerate service delivery and socio-economic development in South Africa.
- The need to foster skills transfer and create employment opportunities for the local communities- the involvement of the private sector will ensure that there is adequate skills transfer to the Municipality and the local communities. The development of sustainable facilities and infrastructure will not only create job or employment opportunities, but rather establish developmental mechanisms within the local municipal area.
- Establishment of developmental mechanisms in local communities through participation- the partnership will ensure that the infrastructure is sustainable. Furthermore, the One-Stop Government Complex Facility will generate its own revenue, which could be utilised for management and maintenance (Project Officer, Interview 22 June 2010).

#### **4.3.3.2 Contextualising the One- Stop Government Complex Facility**

The municipality has entered into as a Public Private Partnership because it is driven by the challenges and opportunities presented. (Truly African Solutions & Mosomo Arch Eng JV, 2010). The facility includes offices, a library and open space for better access to the facility. The project could accommodate different government and provincial departmental offices. Better access to important services will be available to the local communities. The project is in close proximity to the municipal offices. This will give easier access because travelling costs will be reduced. A sketch of the facility, in addition the design of the facility is given in the figure below (Project Officer URP, Interview 22 June 2010).

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Figure 4.1: Representation of the One -Stop Government Complex Facility:



**Section** Through Offices and Rates Hall

**Bushbuckridge Civic Centre Site**  
concept by Peter Rich Architects

*(Source: Truly African Solutions.2009.Combined Report: Towards Implementation of the Bushbuckridge Urban Renewal Programme. Bushbuckridge Urban Renewal Office. Report 1, Volume 1, February 2009)*

#### **4.3.3.3 Type of partnership in the Public Private Partnership (PPP) project**

The Municipality decided to enter into a Build Transfer Operate (BTO) agreement with the private sector partner. In the agreement, the private sector partner will build the facility, after which it will be transferred to the Municipality to operate. The plan for the OSGC has been the responsibility of the Municipality. Initially, the Municipality attempted to enter into a Build Operate Transfer (BOT) contract, but because the Municipality is considered to be short of capacity, the attempt was unsuccessful (Project Officer URP, Interview 22 June 2010).

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

The Municipality will take the responsibility for managing the One-Stop Government Complex Facility. It is the responsibility of the Municipality to provide security and undertake both maintenance and day-to-day management of the facility. Ownership of the One-Stop Government Complex Facility will remain with the Bushbuckridge Local Municipality (BLM) (Project Officer URP, Interview 22 June 2010).

#### **4.3.3.4 Duration of the PPP project**

In the contract between the Municipality and the private sector has determined a period of 25 years been agreed upon. Of the 25 years, 5 years is set aside for construction and the Municipality will have 20 years to reimburse the private sector partner. The Municipality, in the 20 years will possibly generate revenue that will be utilised to reimburse Nedbank (Director LED BLM, Interview 30 June 2010).

#### **4.3.3.5 Funding of the One-Stop Government Complex Facility project**

The private sector partner will take the responsibility for funding the R68-million OSGC project. It is solely responsible for funding the construction of the One-Stop Government Complex Facility. The private sector partner is funding the technical (construction or building), including the infrastructure. The Municipality has contributed funds to the feasibility study of the overall development of the One-Stop Government Complex Facility, including the plan (Town Planners BURPO, 2010:9).

#### **4.3.3.6 Participants in the One-Stop Government Complex Facility**

There are a number of participants in the One-Stop Government Complex Facility. They participate directly and indirectly in the development of the PPP project. In addition, projects of this nature involve a lot of responsibility. The roles of the different participants are presented.

The participants are as follows ([www.bushbuckridge.co.za](http://www.bushbuckridge.co.za)):

- *The Bushbuckridge Local Municipality.* This municipality as the initiator of the project is the main partner. The Municipality as a participant is responsible for bringing development to its geographical area. It is the BLM's responsibility to ensure that there are adequate and sustainable roads and transport within the Bushbuckridge as the local authority. The Municipality had to come up with ways to provide functions. This resulted in a Public Private Partnership (PPP).
- *Nedbank (private sector partner).* This is the private partner in the initiated Public Private Partnership project and responsible for funding the project. The private partner as a participant has the responsibility to build of the One-Stop Government Complex Facility. The private sector will play major role in the completion of the project.
- *The Community Development Forum (CDF).* This is the representative of the local communities in the PPP project. The CDF comprises of members nominated by a community to represent them in developmental matters affecting their geographical area. This committee's main task is to represent community interest. Within the Tourism Precinct, members of different CDFs in the Bushbuckridge Local Municipality are involved.
- *The Traditional Authority.* It has been noted that in BLM as a rural area, Traditional Authorities still play a major role in any development-taking place around the municipal area. The Traditional Authorities are recognised as the representatives of their respective communities. They have to be part of development because the development of local municipal area sometimes involves communal land or property. However, involvement of the Traditional Authorities as a participant or stakeholders is important.
- *The National and Provincial Departments of Public works.* These departments are directly affected due to their responsibility for this kind of development. The National and Provincial

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Departments of Public Works have to ensure that there is adequate infrastructure in a municipality to provide services to the local communities.

**4.3.3.7 Sustainability of the One-Stop Government Complex Facility**

After the completion of the One-Stop Government Complex Facility, Nedbank will transfer the facility to the Municipality. The Municipality will be responsible for the sustainability of the project. The Bushbuckridge Local Municipality still needs to decide how the facility will be managed. The role of the private sector partner ends after the 5-year construction period, but the agreement is 25 for years. The BLM will use the revenue generated to pay off the cost incurred by the private partner and also to maintain the One Stop Government Complex Facility (OSGC) (Project Officer URP, Interview 22 June 2010).

**4.3.3.8 The envisaged outcomes of the One-Stop Government Complex Facility**

The facility is expected to generate its own revenue and become more sustainable. The OSGC should create long-term and short-term employment opportunities for members of the local communities. The OSGC will have established a long-term relationship between the two parties in the PPP agreement. Furthermore, the facility will bring close services to the local communities. The OSGC could also accommodate Department and Statutory organizations (Town Planners BURPO, 2010:9). Departments and Statutory bodies that could be accommodated and the services needed are outlined in Table 4.1 below.

***Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality***

Table 4.1: Prioritised National/Provincial Departments and Statutory Organisations for the Government Office Complex/Civic Node in Bushbuckridge:

<b>Departments</b>	<b>National (N), Provincial ( P) OR N/P(Both)</b>	<b>Service needed</b>
1. Department of Home Affairs	N	- Application, Registration and Issuing of Birth, Death and Marriage Certificates should be within the reach of the community. This includes registration and provision of IDs, passports and others.
2. Department of Social Development and Welfare	N/P	-Registration, Application and Issuing of Social Grants such as Child Support, Disability and Old Age Grants to local community as well as distribution of food parcels to the poorest of the poor within RSA, should be locally available.
3.Department of Environmental Affairs and Tourism	N/P	Design, advice to implement and monitor Environmental Conservation and Awareness Programmes and Strategies to the area in conjunction with the Provincial and Local/Municipal Departments are needed.
4. Department of Water Affairs	N	Water is a scarce resource in this area of Bushbuckridge. There are larger dams such as the Inyaka Dam, that have large

***Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality***

		capacity and that service provides water to industry, agriculture and unfortunately to a lesser extent to local communities.
5. Department of Health	N	Bushbuckridge is an area that has a high prevalence of HIV/AIDS and other related diseases/infections.
6. Department of Roads and Transport	N/P	The National and Provincial Department of Roads and Transport needs to locate one of its regional offices in this area, to regulate and monitor road building, safety transport measures fatal accidents occur on annually -due to as steep roads and heavy traffic.
7. Department of Provincial and Local Government	N	The decentralization of some of services/facilities of this Department will assist municipalities that still lack capacity, to attain development objectives and improve the living conditions of local communities. The BLM needs assistance to drive its development projects.
8. Department of Public Works	N/P	- Inadequate infrastructure development and public institutions exist. In many cases the community has to travel about 130 km to Nelspruit as apply for services from the Department of Land Affairs/Rural Development and Land Reform, Department of Agriculture and Land Administration, Mpumalanga Development Tribunal, Department of

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

		Economic Development and Planning, Department of Housing and Local Government, Land Claim Commission, etc.
9. Department of Land Affairs/Rural Development and Land Reform	N	- The Department needs to have local offices to fulfil functions such as Land Claims closer to the community.
10. Department of Agriculture, Land Administration and Rural Development.	P	- The Department that administers the registration of land in the region needs to be located in the area so that easy access and advice to the community are available.
11. Department of Human Settlement and Local Government	P	- As the provision of housing competencies the function of the Housing Department, it is important that this Department be close to community to play an active role in the Bushbuckridge Housing Projects.
12. Mpumalanga Economic Development Agency		- Assistance is needed to finance some of Municipal and Community Projects  - Progress should be monitored and advice given to emerging small businesses
13. Mpumalanga Tourism and Parks Agency( MTPA)		- Resuscitation of eco-tourism in the area can be done as the area has that potential
14. Department of Communication	N	- An Information Centre should be established in the Centre, as the area is located near the Kruger National Park



*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

		Gate.
15. Department of Sports, Arts and Culture	N/P	- A sport academy needs to be established in the area. There is lot of talent as some of its citizens are well-known sports personalities.  .
16. Department of Economic Development and Planning	P	- SMMEs need to be supported as well as the Municipal Planning and LED initiatives  - Assist once can be provided in Planning/Land Applications and Processing
17. Department of Safety and Security/Police	N	- Assist once for local Police Stations in addressing crime that is rife in the area
18. Department of Correctional Services	N	- Community awareness campaigns and rehabilitation need to be closer to the community
19. Department of Cooperative Governance and Traditional Affairs	N	-Guidance and assistance in terms of three spheres could be provides for the benefit of the local government and its community. This includes monitoring and implementation of the Department's policies and guidelines in the area.
20. House of the Traditional Leaders	P	-Coordination of the affairs of the local traditional authorities should be done.

***Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality***

*(Source: Truly African Solutions (Town planners). 2010. Proposal: Request of funding for the Bushbuckridge Urban Renewal Project. Bushbuckridge Urban Renewal Project. 20 June 2010)*

#### **4.4 Conclusion**

This case study chapter is a vital chapter in this kind of study. The chapter provided the basis for analysis of the case studies of Public Private Partnership (PPP). Three case studies of Public Private Partnership (PPP) in the Bushbuckridge Local Municipality were cited.

In this chapter, the Urban Renewal Project was outlined. The Urban Renewal Project is a programme which includes the three Public Private Partnership (PPP) projects as well as other development projects. The three case studies presented information on the Tourism Precinct, the Multi-Modal Transport Facility, and the One-Stop Government Complex Facility.

## **Chapter 5**

### **RESEARCH FINDINGS**

#### **5.1 Introduction**

The purpose of this chapter is to provide an analysis of the study conducted on Public Private Partnerships (PPP) in the Bushbuckridge Local Municipality (BLM). The aim and purpose have been provided in the previous chapters. Objectives that the study has to attain and questions to be answered, are given here. The chapter focuses on an analysis of the issues raised in the previous chapters. It is important that the study should realise its objectives thereby contributing to scientific knowledge and solutions. It could therefore ensure that the results achieved in the study can be generalised. The results of the study are summarised. A suggested model is proposed in the final chapter.

#### **5.2 Summaries of the three case studies of PPP projects in the BLM**

Summaries of the three ongoing case studies of Public Private Partnerships (PPPs) in the Bushbuckridge Local Municipality (BLM) are given. The aim is to highlight issues that were raised in each of the three case studies. The summaries of the three case studies are given below.

##### **Case Study 1: Tourism Precinct**

The Tourism Precinct is a Public Private Partnership project initiated by the Bushbuckridge Local Municipality under the Urban Renewal Project (or Programme). A number of reasons and challenges facing the Bushbuckridge Local Municipality led to the establishment of the Tourism

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Precinct. Bushbuckridge Local Municipality is a rural area and was part of former homeland prior to the 1994 administration. The municipality has limited capacity. The area has a high rate of poverty and unemployment. The Tourism Precinct has been established to kick-start socio-economic development and to establish a developmental mechanism to create employment opportunities thereby alleviating the high rate of poverty. It was noted, as part of national and provincial strategies and goals to accelerate development and ensure sustainability, that there was a need to involve the private sector and other stakeholders (the communities in the forefront) in socio-economic development programme.

**Case Study 2: Multi-Modal Transport Facility**

The Multi-Modal Transport Facility is a Public Private Partnership project established by the Bushbuckridge Local Municipality under the Urban Renewal Project. The project is aimed at planning and development of the new Central Business Development (CBD) in the municipal area. The project is a result of inadequate plan in the existing Central Business Development in the municipal area. The purpose of the Multi-Modal Transport Facility is to kick-start proper planning and development by establishing a new, advanced infrastructure in the area. In the development of the Multi-Modal Transport Facility, mechanisms are in place to improve the lives of the public through creating job opportunities and alleviate high rate of poverty. The municipality committed to accelerating socio-economic development through the involvement of the private sector and other stakeholders including the communities.

**Case study 3: One-Stop Government Complex Facility**

The One-Stop Government Complex Facility is a Public Private Partnership project initiated by the Bushbuckridge Local Municipality under the Urban Renewal Project. The project is aimed at building infrastructure, which will assist in bringing services close to the communities in the municipal area. The project was initiated as a Public Private Partnership for specific reasons and

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

challenges facing the Bushbuckridge Local Municipality. The Bushbuckridge Municipal area is part of a former homeland, rural and has a municipality with few revenue-generation mechanisms. The involvement of the private sector in building the facility will contribute towards socio-economic development and promote sustainability. By developing the facility, the needs of the communities are acknowledged thereby developmental mechanisms such as job creation, skills transfer and alleviating the high rate of poverty are addressed. The project is one of three that the municipality is currently engaged in.

### **5.3 Public Private Partnerships as a vehicle for procuring services for the Municipality**

Local government in South Africa is faced with the challenge of fulfilling needs of the communities. Generally, local government has a lack of capacity within its administration to deliver required services to communities. Local government is faced with increased demands for services. Therefore, it has become necessary for local government to consider available alternative service delivery options. The South African government encourages utilising Public Private Partnerships as an alternative to improve quality service delivery and speed up development to specific local communities (Jonker, 2001:256).

In the Bushbuckridge Local Municipality, Public Private Partnerships were not considered as the first mechanism to improve quality service delivery and development. The three ongoing projects under the Urban Renewal Project were at first not planned as PPPs, but were later identified as potential Public Private Partnerships due to a lack of finance and capacity to implement the projects in the Bushbuckridge Local Municipal area. In addition to that, a shortage of land and limited property ownership presented a challenges', consequently Public Private Partnerships became a viable alternative to service delivery and development in the local communities.

Aiello (2007:16) reports that Public Private Partnerships have been found to be excellent means for government to access the private sector's financial and technical expertise in the provision of

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

goods and services. The private sector has adequate financial capacity and expertise to implement large projects therefore the municipality needs to engage Public Private Partnerships to access these skills.

The municipality used Public Private Partnerships in the three projects to access funds from the private and public sectors. In addition to that, it used PPPs to access expertise in the private sector. In the One-Stop Government Complex facility, the private sector is responsible for the construction and funding of the project, while in the Multi-Modal Transport facility and the Tourism Precinct, the private sector is responsible for the joint management of and promoting the sustainability of the projects.

The private sector's involvement should not be regarded as a panacea for all local government problems, but the private sector should play a complementary role in Public Private Partnerships. Local government should not devolve its roles and responsibilities to the people (Gildenhuis & Knipe, 2000:78). In the three Public Private Partnership projects, the municipality retains ownership of the facilities. The Bushbuckridge Local Municipality has to ensure that services are delivered to the local communities. The goal of the municipality is above all to promote the general welfare of the local communities.

Manual (2007), states that Public Private Partnership contracts are based on outcomes set out by the public sector and such outcomes will only be achieved when local government knows exactly what they want. The Bushbuckridge Local Municipality in the three Public Private Partnership contracts has spelt out outcomes that need to be achieved.

#### **5.4 Three basic tests or requirements for PPPs**

Public Private Partnerships have prerequisites that should be met before a municipality enters into a Public Private Partnership agreement or contract. These requirements indicate whether a project can be classified as a Public Private Partnership project. Section 120(1) of the Municipality Finance Management Act, 2003 (Act no 56 of 2003) states that a Municipality may

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

enter into a Public Private Partnership agreement, only if the municipality can demonstrate that the agreement will meet certain basic requirements.

The Bushbuckridge Local Municipality entered into the three Public Private Partnership projects, which include the Tourism Precinct, the Multi-Modal Transport Facility; and the One-Stop Government Complex Facility. The three Public Private Partnership projects will be analysed on the basis of the three basic requirements to find out whether the three Public Private Partnership projects have complied with the three basic requirements and also whether PPP is a viable alternative service delivery option.

a) Risk

Pillay (2010) is of the opinion that if a Municipality is to achieve its objectives through the utilization of Public Private Partnerships, risks need to be well managed. Risks should be transferred to the party that can best manage them which in most cases is the private sector. However, in most cases risks are shared between the parties involved in the partnerships. According to Fourie (2008:56), risks involved include, among others, political and legal, force majeure, technical, economic and financial and commercial risks.

In the Tourism Precinct, the Bushbuckridge Local Municipality has undertaken to some of the costs in the project. The BLM shares the management risk with the private sector and both parties are responsible for sustaining the facility. The municipality has transferred the technical and financial risks of the One-Stop Government Complex to the private sector partner. The private sector partner is responsible for funding and the construction of the facility. The Bushbuckridge Local Municipality has to take the other risks, which include, among others, political, operational and management of the facility. In the Multi-Modal Transport Facility, the municipality shares the risks with the private sector, which, among others, include joint management and operation of the facility. However, the ownership of the facilities remains with the Bushbuckridge Local Municipality.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

b) Affordability

Affordability is one of the important requirements to when deciding whether a Municipality can afford Public Private Partnership given the available budget. The Municipal Public Private Partnerships regulations, 2005 (Reg.1 of 2005) state that affordability is determined on whether a Municipality can supply the Public Private Partnership with the fund designated for the current year; future budgetary projections; meet any other allocations and/or any combination of such funds and allocations.

The Ehlanzeni District Municipality is funding the Tourism Precinct project in the Bushbuckridge Local Municipality. The Provincial and National Department of Roads and Transport is funding the Multi-Modal Transport Facility. Funding for the projects is part of the district, provincial and national development plans. The three Public Private Partnership projects will be able to sustain the costs themselves and contribute towards economic development. In the One-Stop Government Complex Facility, the private sector partner has taken responsibility for funding the Public Private Partnership project. The facility should generate revenue, which could be utilised both to reimburse the private sector, and to sustain the facility.

c) Value for Money

According to the Municipal Public Private Partnership regulations, 2005 (1 of 2005) value for money in relation to Public Private Partnership agreements “means that the performance of the private party in terms of the agreement will result in net benefit of a municipality in terms of cost, price, quality, risk transfer or a combination of the factors”. The three Public Private Partnership projects can be afforded by both the local communities and the municipality. The three projects will be sustainable, because they should generate their own revenue. The contracts clearly state what needs to be achieved and they are success indicators in every project. The contracts indicate the risk transfers related to the projects. A high level of public participation in the projects is encouraged and indeed promoted.



## **5.5 Sustainable development**

The World Commission on Environment and Development (as cited in Treunicht, 2000:63) describes sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The three PPP projects should generate their own revenue to ensure that they remain sustainable. The projects should not have to rely on the municipal budget to be sustainable and should be able to pay off the private sector's money as per contractual agreement. As the projects are part of the business development of the municipality, they will contribute toward revenue generation for the Bushbuckridge Local Municipality.

The international Council for Local Environment initiatives (as cited in Venter, 2007:94) defines sustainable development as “development that delivers basic environmental, economic and social services to all without threatening the viability of natural, built and social systems upon which these services depend”. In a South African context to put sustainable development in to practical terms would mean about ongoing access to water, food security, health care, energy, employment opportunities, and development assistance in a safe and clear environment (Malan, 2004:102).

The three PPP projects have already created short-term jobs and are poised to create long-term employment opportunities after their completion. The one-stop Government complex facility will bring services close to the people. The Multi-Modal Transport facility possibly may lead to the eradication of the informal taxi ranks, which are a threat to the environment, centralising forms of all Public Transports. The Tourism precinct brings developments in the municipal area and well contributes toward Central Business Development planning. The three PPP projects could at best ensure sustainable development in the Bushbuckridge Local Municipality.

Section 152 (1) (b) of the Constitution of the Republic of South Africa, 1996 states that it is an objective of local government to ensure the provision of services to communities in a sustainable manner. The construction of the three PPP projects in the Bushbuckridge Local Municipality form part of promoting sustainable development. The Bushbuckridge Local Municipality is of

the opinion that PPPs promote sustainable development by introducing business models of development. The role of the private sector in the PPPs cannot be underestimated, because the private sector has skills, capacity and expertise.

## **5.6 Integrated Development Plan (IDP) for the BLM**

Roux and Van Rooyen (2002:218) are of the opinion that integrated development planning is vital for a municipality to achieve the objectives of developmental local government. The integrated development planning in the Bushbuckridge Local Municipality is a step towards achieving objectives to be achieved in a particular financial year. The IDP is formulated every financial year in the Bushbuckridge Local Municipality to drive local development and service delivery.

The Integrated Development Plan will assist to inform the municipality's development projects within the duration Integrated Developing Plan (IDP). The planning process should be done through cooperation and consultation with all stakeholders (Roux and Van Rooyen, 2002: 218). In the process of formulating the IDP, the Bushbuckridge Local Municipality consults with other stakeholders, including the communities through community public consultation forums. Various stakeholders participate in such meetings convened by the municipality. However, although such vehicles exist, public participation meetings still fail to attract those from disadvantaged communities.

Integrated development planning (as cited in Roux and Van Rooyen, 2002:220) states that "municipalities should adopt a strategic approach to planning in a municipality; it also outlines operational strategies to achieve set development strategies". The Integrated Development Plan is a strategic plan in a municipality and a municipality can use the IDP to outline its plans. In adopting the integrated development plan (IDP) a Municipality has to ensure that mechanisms, processes and procedures for community consultation are in place. It is imperative that a municipality completes the consultation process before adopting the Integrated Development Plan (Craythorne, 2009:148).

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

In the case of the Bushbuckridge Local Municipality, the public consultation meetings are employed to promote public participation. However, public consultation meetings do not attract a large number of the community members especial from the disadvantaged. To an extent, CDFs are utilised to promote participation and determine the needs and demands of local communities.

Roux and Van Rooyen (2002:235) state that “the policy of community participation necessitates a process of comprehensive engagement with local communities and, where divergent opinions, needs and expectations exist, some form of negotiation should be entered into”. According to Theron (2009:145), the Integrated Development Plan can develop into good plan for a municipality’s future development and empower communities with the results of a municipality’s SWOT analysis. Developing an achievable plan and empowering communities can be achieved through public strategies. In the Bushbuckridge Local Municipality, although the integrated development plan is viewed as people driven, the participation of and engagement with the communities are limited. The factors that limit the community participation include, among others, a lack of civic knowledge, illiteracy, as well as a lack of interest in municipal matters and resources.

The three Public Private Partnership projects form part of the integrated development planning for the 2010/2011 financial year. The projects have been budgeted for within the 2010/2011 financial year. Even though the three projects were not initiated as Public Private Partnerships, several challenges and opportunities facing the Bushbuckridge Local Municipality were earmarked.

## **5.7 Socio-economic development**

To understand socio-economic development, it is important to divide phenomenon into two parts: a) social development, and b) economic development. The world Summit on Social Development (as cited in Malan, 2004:102) states that “social development requires an orientation of values, objectives and priorities towards the well-being of all and the strengthening and promotion of favourable institutions and polities”. Economic development is described as

“the growth and appropriate changes in the structure of economic activity and improvements in the distribution of income and welfare” (Fitzgerald as cited in Malan, 2004:102).

The three Public Private Partnership projects are aimed at establishing development mechanisms in the municipality. The projects will present opportunities to the local communities, which could possibly lead to sustainability and poverty alleviation. The three projects will contribute towards skills transfer during the process of their development. The projects themselves create employment opportunities for the local communities. Business development is established in the local municipal area, which in turn could contribute to revenue generation. The projects should boost the municipality through increased revenue generation and their sustainability.

## **5.8 Enabling environment for the PPP projects**

It is important that before a municipality enters into a PPP project, there should be an enabling environment within a municipality. The enabling environment creates a platform for the PPP project. Van Rooyen (2005:613) maintains certain basic characteristics make up an enabling environment should entail. These are:

- a) Innovation should occur through learning
- b) Institutional capacity should be in place to ensure that proper support is available to facilitate partnership success.
- c) It is imperative to ensure that the community needs are met through such partnerships.
- d) Fair competition should prevail to access contracts and appointments
- e) Contracting arrangements that govern partnerships should be formal lucid and beneficial nature to the endeavour
- f) Access to finance forms and important components in a partnership, since limited access to reasonable credit facilities is prohibitive to HDI(c)s or SMMEs to bid for contracts or to perform optimally.

The Bushbuckridge Local Municipality facilitates and co-ordinates stakeholders' involvement. It ensures that all stakeholders are involved in the three Public Private Partnerships. The Municipality provides training for those people who are directly involved. The Bushbuckridge Local Municipality has to ensure that there is development around the PPP projects. It has constructed access roads and expanded the R40 to provide access to the facility. The Municipality has undertaken renovation and development of the Central Business Development as part of the new developments. In addition, both or all parties involved in each partnership formulated the contracts for the three Public Private Partnerships.

## **5.9 Public participation in the PPP projects in the Bushbuckridge Local Municipality (BLM)**

Braynard (1996:41) writes that public participation is a mechanism need to ensure that there is communities that were previously excluded from the decision making process of government are involved. It is noted that in the post-apartheid regime some communities were marginalized, as communities did not play a role in the decision-making process of the government. The Bushbuckridge Local Municipality was formed part of the former homelands, which included Kangwane, Gazankulu and Lebowa. The areas were not included in any development-taking place in other areas. This resulted in poverty, unemployment, illiteracy and, among others, underdevelopment in the Bushbuckridge Local Municipality.

It is important to note that after South Africa became a democratic country in 1994, it is has functioned in an open system. The system encourages all stakeholders to be directly or indirectly involved in any development and to participate and play a role in the decision-making process of the new administration (Malefane, 2008:708). There are laws and regulations passed in the process to encourage and foster public participation in local government specifically. The Bushbuckridge Local Municipality abides by such regulations thereby facilitating and co-ordinating the participation of all stakeholders (specifically the community) in its decision-

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

making process. The communities and other stakeholders are involved in the three Public Private Partnership projects.

Fox and Meyer (1995:20) state that public participation “is the involvement of citizens in a wide range of administrative policy-making activities, including the determination of services, budget priorities, and the acceptability of physical construction projects in order to encourage a sense of cohesiveness within society”. In the Bushbuckridge Local Municipality, it is difficult to involve all the communities in these three Public Private Partnership projects because problems that exist within communities include illiteracy and logistics.

It is one of the duties of developmental Local Government to ensure that citizens actively participate in development initiatives in their areas (Van der Waldt, 2007:19). Section 152(1)(e) of the Constitution of the Republic of South Africa, 1996 states that the involvement of communities and community organizations in the matters of Local Government should be encouraged. The Bushbuckridge Local Municipality encourages and fosters public participation in the three Public Private Partnership projects. Doorgapersd and Muller (2006:342) are of the opinion that if South Africa is to have accountable and participatory government, its citizens should be aware of the government’s processes and what is done in their names, and how these works.

In this section the levels, problems and pitfalls, methods and mechanisms of public participation are taken into consideration to assist in analysing public participation in the three Public Private Partnership projects in the Bushbuckridge Local Municipality.

It is noted that there are different levels of public participation by local communities in local government affairs. Local communities have an opportunity to influence the decision making processes of local government. The levels of community participation are outlined.

- Active citizens;
- Communities as consumers or customers;
- Communities as owners or shareholders;

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

- Communities as policy-makers or issue framers; or
- Citizens as vision builders (Nzimakwe & Reddy, 2003:675).

In the Bushbuckridge Local Municipality, the local communities participate mostly as customers or consumers of the services and goods sought or provided. They participate at this level only, because there are obstacles that impede public participation. Local communities are faced with high levels of poverty, illiteracy, unemployment and among others under-development. The Municipality realises that there is need to addresses problems faced by local communities. Local community members are the users of the services delivered to them and they have no knowledge of the services provided. In the three PPP projects, the municipality has involved the communities from the initial phases of the projects in order to promote public participation. Various methods and mechanisms are employed to reach the levels of participation needed.

Fourie (2001:221) writes that there are problems of public participation in local government. Local Government is confronted by a variety of problems when it comes to public participation. It is accepted that most of the challenges emerge in communities who were previously marginalised. The problems that exist are outlined.

- Low literacy levels of citizens;
- Logistical problems, such as telecommunications;
- Inexperienced officials to deal with the needs and demands of the citizens; and
- Customs and traditions, dependency, apathy etc.

There is a high level of illiteracy among the communities, which presents an obstacle to public participation in the three PPP projects. The local communities have no knowledge of services to be delivered and, as mentioned, they participate as consumers only. The communities show no interest in participating in municipal affairs because they have lost trust in how the Municipality operates. In most areas, communities are still in need of basic services such as clean water,

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

housing, health and roads. Phago (2008:239-242) reports that there are methods which can be employed by local government to promote public participation. The methods currently need are:

- Izimbizo;
- Community ward structures;
- Traditional leaders;
- Public consultations, meetings and hearings; and  
Conferences, workshops and events.

In the Bushbuckridge Local Municipality, various methods are employed to promote public participation in the three Public Private Partnership projects. However, some of the methods have proved to be more efficient more than other methods. The methods applied in three PPP projects in the Bushbuckridge Local Municipality are:

- a) Community Development Forums- the CDFs are directly involved in the three Public Private Partnership projects. They act as representatives of the local communities. They form the link between the projects and their respective local communities. The Community Development Forums disseminate information about the progress and the opportunities available in the three Public Private Partnership projects. The CDFs have proved to be an efficient method of public participation.
- b) Community Consultation Meetings- the Municipality convenes meetings to consult with the communities on the progress of the three Public Private Partnership projects. The community consultation meetings are arranged every month to report on progress and opportunities offered in the three PPP projects. The meetings are not attended by the majority of communities because of problems relating to logistical arrangements and low literacy levels of the local communities.
- c) Traditional Authorities- the Traditional Authorities are directly involved in the three Public Private Partnership projects as participants. They play leading roles in the local communities



because they have direct contact with their respective local communities. In most cases, matters affecting the local communities are disseminated to them through Traditional Authorities. The Traditional Authorities are still respected and considered to be efficient vehicles for disseminate information.

- d) Councillors and ward committees- the two are directly involved with the local communities and the three PPP projects. Their main duties are to address the demands and needs of local communities. Their duties in the municipality are evident every day, because this forums form part of every development. They also participate in the three PPP projects and they have been involved from the initial stages of all the three Public Private Partnership projects.

### **5.10 Contract management in the three PPP projects**

Fourie (2006:930) writes that Public Private Partnership agreements are based on medium-term and long-term contracts that include well-functioning systems of the rule of law, transparency and accountability. Every agreement should be part of a well-functioning system. In the management of Public Private Partnerships to efficient, effective and accountable administration requires a well-formulated contract. The contracts of the three Public Private Partnership projects in the Bushbuckridge Local Municipality have been formulated by the parties involved in each project with advice from the service providers appointed by the Municipality.

The service providers assisted the municipality in formulating the contract for the Tourism Precinct. It further gave the municipality expert advice in formulating the contracts of the One Stop Government Complex facility and the Multi-Modal Transport facility. In the process, the municipality ensured that there was involvement of relevant stakeholders in formulating the agreements. Of course, both parties in the Public Private Partnership projects received adequate time to consult with their legal advisers so that they could enter into transparent and accountable agreements.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

To reach the outcomes of Public Private Partnerships, contract management is important. The contract entered into by both need to be monitored to ensure that parties do not deviate from the responsibilities stipulated in the agreement (Fourie, 2008:564). Contract management is defined “as the process that both parties to a contract need to meet their obligations”. In the analysis of the three Public Private Partnership projects in the Bushbuckridge Local Municipality, difficulties related to contract management and role-players in contract management are considered.

Contract management is cardinal to in the success of Public Private Partnership projects. It can be regarded as that requirement that ensures that the agreement achieves its objectives and accountability is guaranteed. Municipal Service Delivery and PPP Guidelines, 2007 states that the critical success factors in contract management. These are used to analyse the three Public Private Partnerships Projects in the Bushbuckridge Local Municipality.

- a) Service delivery must continue to be provided by both the municipality and the private sector. The three Public Private Partnership projects in the Bushbuckridge Local Municipality have reached the necessary maturity, it is still therefore too early to judge whether of both the parties are satisfied with the service delivery.
- b) Expected benefits from Public Private Partnership, value for money and innovation are being realised. The three PPP projects will bring new planning and development of the Central Business Development in the municipal area. Projects provide employment opportunities and stimulate business development.
- c) There should be good relationship between the Municipality and the private partner. In the Tourism Precinct and the Multi-Modal Transport facility, the municipality entered into long-term contracts with representatives of the private sectors based on mutual interest and trust. The private partners are part of the Bushbuckridge Local Municipality and their interests are in developing Bushbuckridge into a better place. The private party and the BLM entered into a medium-term contract for the One-Stop Government Complex, which will benefit both parties.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

- d) The Municipality needs to be aware of its contractual obligations and have the necessary resources and expertise to honour them. As there is no in-house capacity in the Bushbuckridge Local Municipality to manage the three PPP projects, the municipality has appointed service providers to oversee and ensure that the projects are successful. The service providers have the necessary expertise in development projects and project management. Regarding resources, the projects are part of District, Provincial and National planning structures.
- e) Knowledge management and succession planning should be employed to retain intellectual capital and the expertise of key staff for the Municipality. Government has previously failed to reduce high turnover of staff. At this stage, there is no form of knowledge management and succession planning in the three PPP projects.
- f) Disputes are resolved at the appropriate level through partnership management systems. Within the three Public Private Partnership projects there have no disputes.
- g) Changing service delivery requirements are anticipated, and variation procedures are utilised to minimise negative consequences of change and maximise any opportunities brought about by change. The Municipality has not changed the service delivery requirements of the three Public Private Partnership projects.

It is important to note that there are major role players in contract management in a Municipality. The role players include the transaction and legal advisers, the project manager and contract management team, and the Accounting Officer. This analysis focuses only on the project manager and his/her team, and the Accounting Officer because advisers are heavily involved in the initial stages (feasibility studies) of Public Private Partnership projects. The Bushbuckridge Local Municipality has appointed service providers for the Urban Renewal Project (or Programme) which include the three PPP projects. The service providers together with the seniors in the Local Economic Development (LED) Unit in the Bushbuckridge Local Municipality, comprises the contract management team. In addition, project managers for the three PPP projects are selected from the service providers.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

The Municipal Public Private Partnership Regulations, 2005 state that “as soon as a Municipality initiates a project that may be a Public Private Partnership, the accounting officer must appoint a person with appropriate skills, expertise and experience, either from within or outside the municipality, as the project officer for the PPP”. The project officer should perform his/her duties as set out in section 116(2)(c)(i) and (ii) of the Municipal Finance Management Act, 2003 (Act 56 of 2003). The project managers or officers in the three Public Private Partnership projects were involved in the formulation of the Urban Renewal Project (programme) in the Municipality. As the project officers have relevant expertise, experience and skills, they have been working with development projects for a long time and they were responsible for coming up with the three Public Private Partnership projects. The project managers and the team monitor and evaluate the performance of the contract on a monthly basis and report to the Municipality and all other stakeholders. They monitor the day-to-day progress of the agreements by regular site visits.

The Municipal Manager is the Accounting Officer of the three Public Private Partnership projects in the Municipality. The Accounting Officer plays a role in the contract management of the Public Private Partnership agreements. He/ she have duties as stipulated in section 116(2) of the Municipal Finance Management Act, 2003 (Act 56 of 2003). The Municipal Manager also appoints project managers for the three PPP projects, taking into account their expertise, skills and experience to run and monitor the agreements. The Municipal Manager reports to Local Economic Development Council on the progress of the three Public Private Partnership projects.

The Bushbuckridge Local Municipality has no experience in Public Private Partnership projects because these three PPP projects are the first to be undertaken by the Municipality. To fulfil the agreements of the three PPP projects they rely on the experience, skills and expertise of the service providers, which will be transferred to the Municipality during the process. Most importantly, the Bushbuckridge Local Municipality in the Public Private Partnership projects manages the outcomes, which fact makes it possible for the Municipality to succeed.

## **5.11 Benefits of the three PPP projects for the BLM**

The three Public Private Partnership projects in the Bushbuckridge Local Municipality have already identified the benefits. These are:

- skills transfer from the service providers and the private partners to the Bushbuckridge Local Municipality;
- job creation for the local communities;
- empowerment of the municipal officials and the local communities;
- services brought close to the local communities;
- business development of the municipal area; and
- revenue generation mechanisms for the municipality.

The benefits of PPP projects indicate that the PPP as an ASD is beneficial to the municipality and the private sector involved as well as the communities. The benefits relate to job creation and socio-economic development in the municipal area.

## **5.12 Conclusion**

This chapter provided a thorough analysis of the study based on the argument raised and methodology outlined in the previous chapters. The analysis identified the gaps, challenges and opportunities, as well as highlighted some of the merits and demerits of Public Private Partnerships in local government. In the final chapter, which contains the conclusion and recommendations/model, the results achieved in the study are summarised, recommendations made and a suggested model is provided.

## **Chapter 6**

### **CONCLUSION AND RCOMMENDATIONS /MODEL**

#### **6.1 Conclusion**

Local government is faced with the challenge of how to address the ever-increasing needs and demands of local communities. Local communities continually put municipalities under pressure in delivering basic municipal services. Municipalities have the responsibility to services and goods to local communities. However, the challenges facing the municipalities make it difficult for municipalities to deliver the required quality and quantity of services and goods. These challenges include among others a lack of financial and human capacity. Consequently, Local government has had to consider alternative service delivery (ASD) options. Alternative service delivery options in local government have been increasingly utilised to improve the quality and quantity of service delivery to local communities.

This In this dissertation, the focus was on Public Private Partnerships as an alternative service delivery option in local government. The study examined Public Private Partnerships with reference ongoing case studies on projects currently running in the Bushbuckridge Local Municipality.

##### **6.1.1 Summary of the chapters**

The **first** chapter of this dissertation provided the introduction and background to the study' as well as an overview of the history of South Africa and its administration. South Africa has in a closed system in the pre- 1994 dispensation, which was characterised by the non-involvement of

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

the private sector and other stakeholders (including communities) in government decision-making and activities. The history of the Bushbuckridge Local Municipality was given. The municipality was part of the isolated former homelands, which included Gazankulu, Kangane and Lebowa. As the municipality was marginalized it is still under developed. A background to Public Private Partnerships followed. An overview of how alternative service delivery (ASD) was introduced in the South African Service delivery context, explained how PPPs came to be accepted as an alternative service delivery options to assist in the provision of certain services and goods.

The **second** chapter dealt with Research Methodology of the study as well as a description of different research methodologies that could be used in the Public Administration discipline. Various research methodologies were cited to give the reasons that led to the choice of the methodology employed in the dissertation. Qualitative and quantitative research methods were discussed to give the reader an insight into their differences. Furthermore, the chapter provided details of the research methodology used for the dissertation. A qualitative research method was utilised which included the use of interviews, observation and desktop study was used. In addition, the motivation, problem statement, objectives and the research question of this dissertation were cited.

The **third** chapter provided the literature review of Public Private Partnerships in local government: a case study of the Bushbuckridge Local Municipality. Literature on Public Administration was reviewed as well as the generic functions and the Batho Pele principles. A brief overview of developmental local government and an integrated development plan (IDP) of a municipality was provided as well as a description of Public Private Partnerships, which was the main focus of the study. The literature review on Public Private Partnerships covered, among others the three tests of PPPs, the legislation supporting PPPs and the mechanisms to ensure accountability in Public Private Partnerships. The mechanisms include public participation and contract management. The **fourth** chapter outlined the ongoing case studies of Public Private Partnerships in the Bushbuckridge Local Municipality. The three case studies were presented as part of the Urban Renewal Project, which is a macro-project incorporating several developmental projects. The background to the Urban Renewal Project in the Bushbuckridge Local

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Municipality was given. The Urban Renewal Project was aimed to kick-start development, which had not been taking place in the Bushbuckridge Local Municipality (BLM). The three case studies are the Multi-Modal Transport Facility, the Tourism Precinct and the One-Stop Government Complex Facility. Important aspects included, among others, the type of partnerships, funding of the projects, sustainability of the facilities, partners in the PPPs and reasons behind the collaboration. Details of the case studies established the basis for the analysis of the study.

The **fifth** chapter presented the research findings of the study on Public Private Partnerships in local government: A case study of the Bushbuckridge Local Municipality. The sixth chapter, which contains the research findings, summarises the three case studies of Public Private Partnership projects in the Bushbuckridge Local Municipality. The analysis was based on the followings aspects: the three tests of PPPs, sustainable development, socio-economic development, an integrated development plan (IDP) of the municipality, public participation and contract management.

### **6.1.2 Key research findings of the study**

The investigation into Public Private Partnerships raised some critical research questions and objectives, which needed to be answered by this study. In this section, the dissertation outlines a summary is presented of the key research findings.

Key findings:

1. Public Private Partnership could be an alternative service delivery (ASD) option worthy of consideration in local government. It could be used by a municipality to deliver certain goods and services to the public and it could be effective and viable in this context. In chapter three of this dissertation, three basic requirements were identified which include risk transfer, affordability and value for money. The three that are known as the global standard test of a



*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

PPP are regarded as prerequisites for a municipality to enter into a PPP arrangement. In addition to that, a PPP is governed by a contract that outlines envisaged outcomes. All parties in the agreement know what their roles and responsibilities entail.

Although in the Municipality's ongoing PPP projects, the three basic requirements of a PPP were considered as prerequisites, there were differences in the projects and the three requirements are possible and achievable. In addition to that, the three PPP projects were governed by contracts which outline exactly what is required and the roles to be played by various role-players in the contract management, as well as the responsibilities of all parties involved. Nevertheless, it has been indicated that the available legislation still presents difficulties, as there is no clear definition and processes followed are complicated. Furthermore, there is a lack of capacity which is one of the basics for a PPP to be a success in the Municipality.

2. In the chapter three of this dissertation, two accountability mechanisms in Public Private Partnerships in local government were identified. These are Contract Management and Public Participation. Under contract management the success factors, contract management stages, and role-players were discussed, which, under the public participation the objectives, methods and mechanisms of public participation were outlined.

Contract management as a mechanism of accountability has proved to be effective in the Public Private Partnership projects in the Bushbuckridge Local Municipality, though the projects are still in the initial stages of contract management. A contract spells out the roles and responsibilities of each party in the PPP agreement. The municipality has to ensure that the contract is well managed. Project managers/officials and a contract management team appointed by the Accounting Officer play their roles in monthly monitoring and evaluation of the Public Private Partnership projects in the Bushbuckridge Local Municipality.

Furthermore, public participation as a mechanism of accountability is implemented within the PPP projects in the Bushbuckridge Local Municipality. Although this has proved to be one of the effective mechanisms in theory, it is still too early to evaluate its effectiveness as

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

an accountability mechanism in PPP because these are ongoing projects. Of course, the Municipality has made an effort to ensure that various community representative structures and stakeholders in the communities are involved at different stages of the PPP projects.

3. The role of the private sector partner is worthy of consideration, as it is described in the Public Private Partnership projects and is appreciated by the Bushbuckridge Local Municipality. A PPP agreement combines the strength and ability of both the private sector and a municipality in local government. A private sector partner in a PPP brings increases both human and financial capacity. Financial risk is generally transferred to the private sector because it is able to manage it. However, the parties involved may share responsibilities. It can happen that a municipality may become increasingly dependent on the private sector, which could become a problem. A municipality may lose sight of its objective of promoting the general welfare of society. It should be noted that involvement of the private sector in service delivery is not the panacea for all municipal problems. Therefore, in the municipality's ongoing PPP projects, the responsibilities and roles are the responsibility of both the parties. Although the project officials appointed by the Accounting Officer are from private companies, this is not an oversight, but rather because the municipal officials involved lack the necessary knowledge and skills to manage the PPP projects. This could present a challenge in future, because the municipality may become too dependent on the private sector and external project officials.
  
4. Public participation is acknowledged and valued in the Public Private Partnership projects in the municipality. The communities, community structures and community organisations as well as representatives are participants in the Public Private Partnership projects in the Bushbuckridge Local Municipality. Monthly public consultation meetings are convened to report on and consult with local communities on the progress made and opportunities offered in the Public Private Partnership projects. However, despite the methods and mechanisms in place to promote public participation in the PPP projects there are still constraints and problems that impede public participation in local communities. It is acknowledged, with concern, that most of the local community members lack the knowledge of and show no

interest in municipal decision-making processes and activities, which can include Public Private Partnerships.

The summarised research findings are based on the analysis in chapter five of this dissertation. Recommendations and the suggested model are given in 6.2 and 6.3.

### **6.1.3 Lessons learnt from three case studies**

- Reasons for partnership other than those related to financial, sustainability, can include land / property ownership.
- The project officials appointed by the accounting officer can include external candidates of they have the necessary skills and expertise to manage PPP projects.
- The progress of the partnership depends on both parties in being agreement on the terms of the contract.
- The ownership of the end product remains with the municipality.
- A well-designed contract can work to the advantage of all parties involved in PPPs.
- A municipality should spell out its envisaged outcomes in the contract.

## **6.2 Recommendations**

These recommendations could lend to improved utilisation of Public Private Partnerships in local government. The recommendations follow.

### *Recommendation 1*

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

The local municipality should ensure that there are success indicators in the Public Private Partnership contracts.

Success indicators will assist the municipality in determine whether the envisaged outcomes of a project have been realized. Both parties will work actively towards achieving the outcomes set out in the contract. The success indicators should include expectations of both parties in the agreement. These should include what is expected from the services delivered, how many people are expected to utilise the services and how these should benefit local communities.

*Recommendation 2*

Training should be provided to all municipal officials who are directly involved in the projects to strengthen and improve in-house capacity on Public Private Partnership agreements.

In-house capacity is imperative, if a municipality opts to utilise Alternative Service Delivery (ASD) options to deliver certain services and goods. The municipality should have information on what is expected and all the complexities related to such alternatives. In –house capacity may also benefit the Municipality with regard to costs and other related resources. Training should be provided to every municipal official directly involved in Public Private Partnership agreements or projects.

*Recommendation 3*

Service providers should not completely supplant the municipal officials by in performing their roles and duties.

Service providers should be appointed to assist the municipal officials to carry in carrying out certain duties and responsibilities. The Municipality should not abandon its duties and responsibilities in the process. There is a need for in-house capacity and expertise to deal with

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

matters arising in those services that are contracted out. The Municipality should focus on the general welfare of local communities. Service providers should not be seen as a panacea for service delivery in the problems and activities municipality.

*Recommendation 4*

Legislation should be considered as the first step towards service delivery and development.

Legislation sets a tone in the process of service delivery and development in municipal areas. The Municipality should consider legislation when utilising Public Private Partnerships. Legislation has been passed by local government, since the year 2000, with stipulations on how to govern Public Private Partnerships. The Municipality should be guided by legislation in their decision-making.

*Recommendation 5*

Public Private Partnership projects should be part of an integrated development plan (IDP) of a municipality in the initial stages.

The municipality should ensure that there is a sound strategic plan in place. Public Private Partnership projects should be part of the planning and the formulation. The projects should be identified as potential Public Private Partnerships when formulating the municipal integrated development plan (IDP). In fact, good planning will lead to better service delivery and development in the municipal area.

*Recommendation 6*

Public participation should actively be encouraged

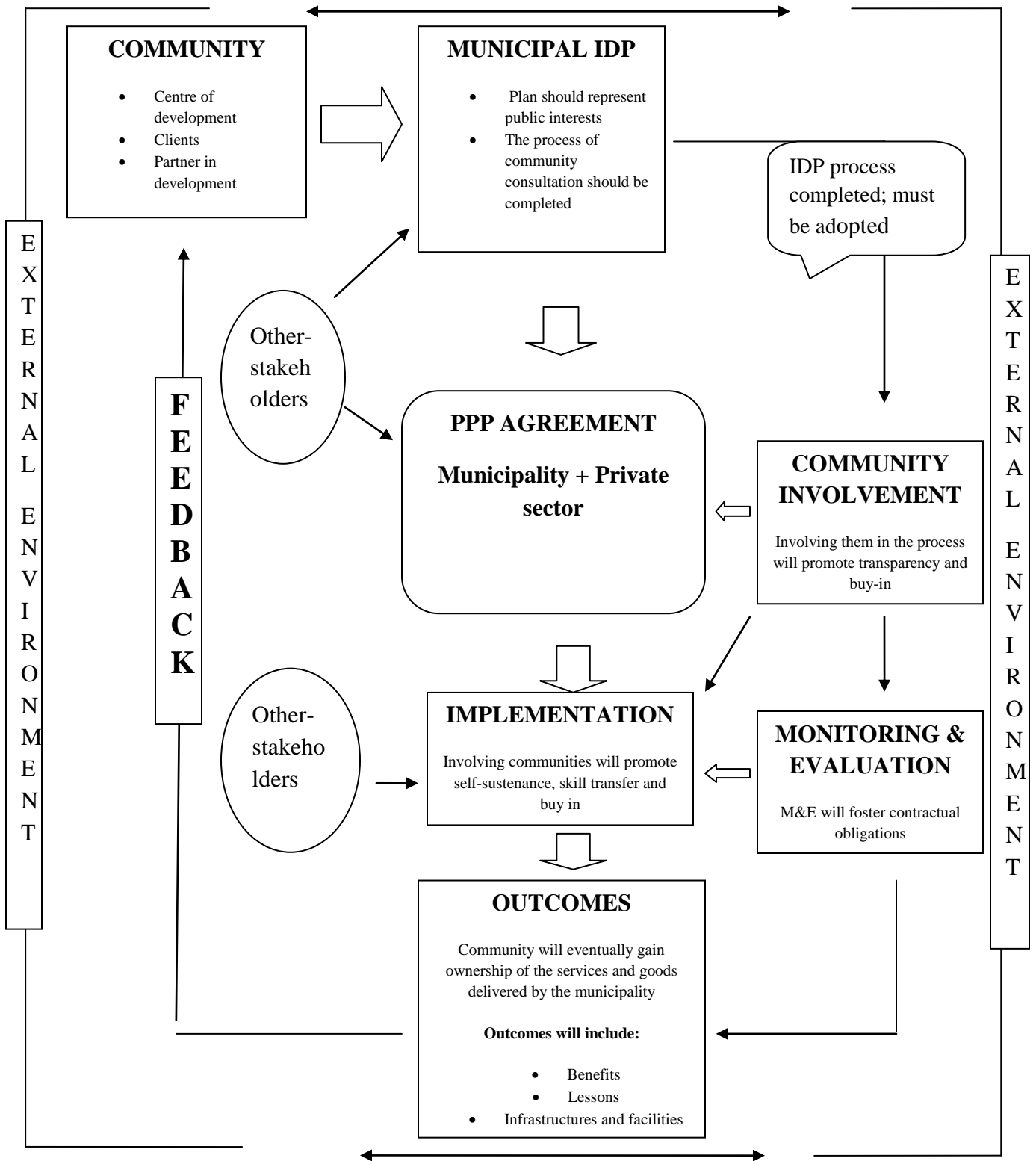
*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

There is a need to stimulate public participation in the local municipal affairs. This could be done through public education and information sharing help desks. The municipality should ensure that local communities become actively involved in the functioning of the municipality to become empowered with knowledge about service delivery.

### **6.3 Suggested model**

This section provides the structure and an outline for the suggested model to promote accountability in Public Private Partnerships in a municipality. The suggested model does not deviate significantly from the traditional open-system model because it contains the important variables of input, processing, output and feedback. However, emphasis and new aspects make the suggested model different.

**Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality**



**Figure 6.1: Suggested model for promoting Public Private Partnership in a municipality.**

### **6.3.1 Important aspects of the suggested model**

- a. Political will should be promoted to ensure buy-in and effective implementation.
- b. PPP should be part of the IDP.
- c. The community should be a partner in the development of the local municipality.
- d. Community consultation and involvement should be increased.
- e. The communities should be involved at all stages of decision-making to have the knowledge to monitor and evaluate services provided.
- f. Contract should be closely monitored and evaluated by all stakeholders involved.
- g. The community should be at the centre of development or developmental projects
- h. The external environment should be closely studied and considered in projects and decision-making.

Although the model is a simplified model and easy to understand, it needs to be tested. Furthermore, this study breaks new ground for future studies on PPP in local government.



## **BIBLIOGRAPHY**

### **Books**

African National Congress. 1994. *Reconstruction and Development Programme. A Policy Framework*. Johannesburg: Umanyano Publications

Bekker, K. 1996. *Citizen Participation in Local Government*. Pretoria: Van Schaik.

Birley, G. and Moreland, N. 1998. *A practical guide to academic research*. London: British Library

Botes, P.S. Brynard, PA. Fourie, DJ and Roux, NL. 1992. *Public Administration and Management*. Pretoria: Haum

Brynard, P. and Erasmus, K. 1995. *Public Management and Administration: Case –Study Resource Book*. Pretoria: Van Schaik.

Brynard, P.A. and Hanekom, S.X. 1997. *Introduction to research in Public Administration and related academic disciplines*. Pretoria: Van Schaik

Brynard, P.A. and Hanekom, S.X. 2006. *Introduction to research in Management-related fields*. Second edition. Pretoria: Van Schaik

Cloete, F. and Wissink, H. 2000. *Improving Public Policy*. Pretoria: Van Schaik

Cloete, F. and Wissink, H. 2006. *Improving Public Policy*. Second edition. Pretoria: Van Schaik

Cloete, J.J.N. 1991. *Public Administration and Management*. Sixth edition. Pretoria: Van Schaik.

Cloete, J.J.N. 1994. *Public Administration and Management*. Eighth edition. Pretoria: Van Schaik.

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Cloete, J.J.N. 1995. *Public Administration Glossary*. Pretoria: Van Schaik.

Cloete, J.J.N. 1981. *Introduction to Public Administration*. Pretoria: Van Schaik.

Coetzee, W.A.J. 1991. *Public Administration: A South African Introductory Perspective*. Pretoria: Van Schaik

Craythorne, D.L. 2006. *Municipal Administration. The Handbook*. Sixth edition. Cape town: Juta

Creswell, J.W. 2009. *RESEARCH DESIGN: Qualitative, Quantitative, and Mixed Methods Approaches*. Third edition. Los Angeles.London.New Delhi.Singapore: SAGE

Dauids, I. Theron, F. and Maphunye, K.J. 2009. *Participatory Development in South Africa: A development management perspective*. Second edition. Pretoria: Van Schaik

Denhardt, J.V. and Denhardt, R.B. 2003. *The new public service: serving, not steering*. New York: M.E Shape.

Du Toit, D.F.P. and Van der Waldt, G. 1997. *Public Management: The Grassroots*. Kenwyn: Juta & Co

Gildenhuys, J.S.H. and Knipe, A. 2000. *The Organisation of Government: An introduction*. Pretoria: Van Schaik

Gildenhuys, J.S.H. 1993. *Public financial management*. Pretoria: Van Schaik.

Goddard, W. and Melville, S. 2001. *Research Methodology: An Introduction*. Second edition. Lansdowne: Juta

Flynn, N. 2002. *Public sector management*. Fourth edition. Harlow. Pearson education Limited.

Fox, W. Bayat, M.S. and Ferreira, I.W. 2006. *A Guide to Managing Public Policy*. Cape town: Juta

Fox, W. and Maas, G.J.P. 1997. *Entrepreneurship and Public management*. Cape town:

*Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality*

Juta

Fox ,W. and Meyer, I.H. 1995. *Public Administration Dictionary*. Stellenbosch: Juta

Harding, R.W. 1997. *Private Prisons and Public Accountability*. Buckingham: Open university press.

Hilliard, V.G. and Wissink, H.F. 2000. Local government and development in South Africa (96-106). In De Beer, F. and Swanepoel, H. *Introduction to developmental studies*. Second edition. Cape town: Oxford university press.

Jonker, A. 2001. Challenges and imperatives facing modern government (241-272). In Van Niekerk, D. Van der Waldt, G. and Jonker, A. *Governance, Politics and Policy in South Africa*. Cape town: Oxford university press.

Kotze, D.A. 1997. *Development Administration and Management: a holistic approach*. Pretoria: Van Schaik.

Mafunisa, M.J. 2002. Ethics and accountability in public administration. In Kuye, J.O. Thornhill, C. and Fourire, D. *Critical perspectives on Public Administration: issues for consideration*. Cape Town: Heinemann

Mafunisa, M.J. and Maserumule M.H. 2004. *Cases in Public Administration and Management: A South African perspective*. Paarl: Heinemann

Mouton, J. 2001. *How to succeed in your Master's and Doctoral studies: A South African guide and resource book*. Pretoria: Van Schaik

Moodley, S. And Sing, D. 1996. Finance and development. In Reddy, P.S. *Readings in Local Government management and development: A Southern African perspective*. Kenwyn: Juta.

Nealer, E. 2007. Local government and service delivery (147-163). In Van der Waldt, G. (ED) *Municipal Management: Serving the people*. Cape Town: Juta

Swanepoel, H. 1992. *Community Development: Putting plans in action*. Second edition. Kenwyn: Juta

***Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality***

Thornhill, C. and Hanekom, SX. 1995. *The Public Sector Manager*. Johannesburg: Heinemann

Van der Molen, K. Van Rooyen, A. and Van Wyk, B. 2002. *Outcomes-Based Governance: Assessing the Results*. Sandown: Heinemann

Venter, A. and Landsberg C. 2006. *Government and Politics in the new South Africa*. Third edition. Pretoria: Van Schaik

Welman, Kruger and Mitchell. 2005. *Research Methodology*. Third edition. Cape Town: Oxford University Press Southern Africa (Pty)Ltd

Williams, J.J. 2001. Intergovernmental relations: local government (207-231). In Levy, N. and Tapscott, C. (ED) *Intergovernmental Relations in South Africa: The Challenges of Co-operative government*. Cape town: IDASA

## **Journals**

Aiello, J. 2007. Municipal PPPs in the 21<sup>st</sup> Century. *Traders African Business Journal*. Issue 30. Online version available at: [www.tradersafrica.co.za](http://www.tradersafrica.co.za)

Cameron, R. and Mclaverty, L. 2008. Public Administration Research in South Africa: An Assessment of Journal Publications, 1994-2006. *Journal of Administratio Publica*, 15(2): pp 69-98

Diale, A.J. 2007. Accountability and Performance in Contracted Public Services in South Africa: Re-examining the role of service recipients. *Journal of Local Government Managemement*, 1(3): pp 142- 150

Dlamini, V.G. and Cousins, T. 2009. *Case study on Bushbuckridge Water service delivery challenges*. August 2009 available : [www.busbuckridge.co.za](http://www.busbuckridge.co.za)

Draai, E. and Taylor, D. 2009. Public participation for effective service delivery: A local government perspective. *Journal of Public Administration*, 44(1.1): pp 112-122

***Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality***

Du Plessis, L.M. 2008. Organisational Transformation in South Africa Local Government: Are our Municipalities centres of excellence?. *Journal of Public Administration*, 43(4.1): pp 657-666

Feller, G. 2006-2007. *Africa's Largest PPP*. Traders African Business Journal. Issue 29. Online version available at: [www.tradersafrica.co.za](http://www.tradersafrica.co.za)

Fourie, D. 2006. Analysis of the utilizations of Public Private Partnerships in Public Financial Management. *Journal of Public Administration*, 41(41): pp 925-934

Fourie, D. 2008. The contribution of Public Private Partnerships to Economic growth. *Journal of Public Administration*, 43(4): pp 559-570

Fourie, D.J. 2001. The Mechanism to improve Citizen Participation in Government and its Administration. *South African Journal of Economic and Management sciences*, 4(1)

Hilliard, V.G. and Msaseni, W.S. 2000. Strategies for improving Service Delivery in South Africa. *Journal of Administratio Publica*, 10(1)

Kakumba, U. and Nsingo, S. 2008. Citizen Participation in Local Government and the process of Rural Development: The rhetoric and reality of Uganda. *Journal of Public Administration*, 43(2): pp 107-122

Kroukamp, H. 2005. Partnerships in local government to improve service delivery in South Africa. *Journal of Public Administration conference proceedings*: pp 71-82

Mafunisa, M.J. and Xaba, B. 2008. Public Participation and the integrated development planning: The Case of Limpopo Province. *Journal of Public Administration*, 43(3.2): pp 452-460

Majam, T. and Theron, F. 2006. The purpose and relevance of a scientific literature review: A holistic approach to research. *Journal of Public Administration*, 41(3.1): pp 603-615

Malefane, S.R. 2008. Research in South Africa's Local Sphere of Government. *Journal of Public Administration*, 43(4.1): pp 708-724

Maphunye, K.J. and Mafunisa, M.J. 2008. Public Participation and the Integrated Development Planning process in South Africa. *Journal of Public Administration*, 43(3.2): pp 461-472

***Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality***

- Mckenzie, P.S. Wegelin, W. Mohajane, P. and Shabalala, S. 2007. Hidden Benefits of Public Private Partnerships: the case study of water pressure management in Sebokeng. *Journal for Transdisciplinary Research in Southern Africa*, 3(2): pp 395-409
- Moeti ,K. and Khalo ,T. 2008. Privatization and ensuring Accountability in the provision of essential services: The case of water in South Africa. *Journal of Public Administration*, 43(3.1): pp 219-230
- Mubangazi, B.C. 2005. Improving Public Service Delivery in the new South Africa: Some reflections. *Journal of Public Administration*, 40(4.1): pp 633-648
- Mzimakwe, T. 2010. Public Participation and Engagement in Local Governance: A South African Perspective. *Journal of Public Administration*, 43(3.2)
- Naidoo, G. and Kuye, J.O. 2005. Service delivery in the South African Public service: An overview from 1994-2003. *Journal of Public Administration*, 40(4.1): pp 619-632
- Nzimakwe, T.I. and Reddy, P.S. 2008. Community participation in eThekweni Municipality with particular references toward communities. *Journal of Public Administration*, 43(4.1): pp 667-679
- Phago, K.G. and Malan, L.P. 2004. Public Private Partnerships (PPPs) and the role in extending access to Local Government. *Journal of Public Administration*, 39(4.1): pp 481-491
- Phago, K.G. 2008. Community Participation During the 21<sup>st</sup> Century in South Africa : Modes, Attitudes and Trends. *Journal of Public Administration*, 43(2.1): pp 238-252
- Phago, K.G. and Hanyne, B.R. 2007. Acknowledging Public Participation in Public Private Partnerships. *Journal of Local Government Management*, 1(2): pp 94-104
- Reddy, P.S. and Sikhakhane, B.H. 2008. Public Participation: A case study of ward committees in Buffalo City Municipality. *Journal of Public Administration*, 43(4.1): pp 680-697
- Raab, E. and Mayher, A. 2008. Water dialogue South Africa. Bushbuckridge case study. October 2008. Available: [www.bushbuckridge.co.za](http://www.bushbuckridge.co.za)

***Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality***

Romzek B.S. 2000. Dynamics of public sector accountability in an era of reform. *Journal of International review of administrative sciences*, 66 (21): pp 20-28

Seemela, V.P.P. 2008. Public Private Partnerships as a tool for Development State. *Journal of Public Administration*, 43(3.2): pp 483-491

Thornhill, C. 2004. Improving Municipal Management: Acknowledging Democratic Imperatives. *Journal of Public Administration*, 39(4.1): pp 470-490

Thornhill, C. 2006. The Domain of Public Administration. *Journal of Public Administration*, 41(41): pp 793-806

USAID. *Building a sustainable water system. Retail water distribution project in South Africa.* 31 March 2005. Available on: [www.bushbuckridge.co.za](http://www.bushbuckridge.co.za)

Van Rooyen, E.J. 2005. The Dinokeng Big 5 Game Reserve Envisaging a Socio-economic Development Partnerships. *Journal of Public Administration*, 40(4.1): pp 605-618

Vyas-Doorgapersad, S and Muller, M. 2006. *Partnerships between Community and Government: A case study towards development.* *Journal of Public Administration*, 41(2.2): pp 341-356

### **Newspapers, reports, conference papers and unpublished documents**

Burger, J. 2009. *The Reasons Behind Service Delivery Protests in South Africa.* Institute for Security Studies. 05 August 2009. Available online: [www.polity.org.za](http://www.polity.org.za)

Lund, S. 2004. *Regulatory frameworks for Public Private Partnerships: Lessons from South Africa.* PPP forum, National Treasury.

Mkwanazi, S. 2010. Public Private Partnerships Contract management. A presentation made at Vulindlela Academy. Midrand: DBSA. 18 -19 March 2010

Morning Live. 2010. *Interview of the Minister of Local Government and Traditional Affairs: Sicelo shiceka.* SABC News at 2.

***Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality***

Phago, KG. 2004. *Consolidating the process of service delivery within the city of Tshwane metropolitan Municipality: Public Private Partnerships (PPPs) and their role in extending access to local governance*. A dissertation submitted for a Masters degree in Public Administration. Pretoria. University of Pretoria.

Manuel, T. 2007. In the national budget speech. Emphasis Public Private Partnerships

Pillay, K. 2010. *Introducing Public Private Partnerships in South Africa*. A presentation made at Vulindlela Academy. Midrand: DBSA. 18 -19 March 2010

Pretoria news. 6 May 2010. Eskom hunts for R200bn funding: Pensions, Public Private Partnerships mullied.

The Star. 6 May 2010. Eskom hunts for R200bn funding: Pensions, Public Private Partnerships mullied.

The Star. 6 May 2010. State, Absa join forces to build Eastern Cape residential estate

## **Internet Sites**

<http://www.treasury.gov.za>. April 2010

<http://www.sacp.org/docs/stratconf/ppp's.html>. 11 July 2003

<http://www.bushbuckridge.gov.za/about.html>. July 2010

<http://www.ppp.gov.za/pages/default.aspx>. May 2010

## **Legislation**



***Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality***

Republic of South Africa. 1996. *The Constitution of the Republic of South Africa 1996*. Pretoria: Government Printer.

Republic of South Africa 1997. *Municipal Demarcation Act, 27 (27 of 1998)*. Pretoria: Government Printer.

Republic of South Africa. 2003. *Local Government: Municipal Finance Management Act, 2003 (56 of 2003)* . Pretoria: Government Printer.

Republic of South Africa. 2003. *Local Government: Municipal Systems Act, 2000 (32 of 2000)*. Pretoria: Government Printer.

Republic of South Africa. 2000. *White Paper on Municipal Service Partnerships (MSPs)*. Pretoria: Government Printer.

Republic of South Africa. 1998. *White Paper on Local Government, 1998*. Pretoria: Government Printer.

Republic of South Africa. 1997. *White Paper on Transforming Public Service Delivery (Batho Pele)* . Pretoria: Government Printer.

Republic of South Africa. 2005. *Municipal Public Private Partnerships Regulations, 2005 (1 of 2005)*. Pretoria: Government Printer.

Republic of South Africa. 2007. *Municipal Service Delivery and PPP Guidelines, 2007*. Pretoria: Government Printer.

## **Documents**

Truly African Solutions.2009.*Combined Report: Towards Implementation of the Bushbuckridge Urban Renewal Programme*. Bushbuckridge Urban Renewal Office. Report 1, Volume 1, February 2009

***Assessing Public Private Partnerships in Local Government:  
A case study of the Bushbuckridge Local Municipality***

Truly African Solutions (Town planners). 2010. *Proposal: Request of funding for the Bushbuckridge Urban Renewal Project*. Bushbuckridge Urban Renewal Project. 20 June 2010

Truly African Solutions and Mosomo Arch Engineers. 2009. *Presentation of Urban Renewal Project*. Bushbuckridge Local Municipality Boardroom. 14 November 2009

Department of Cooperative Governance and Traditional affairs. *Local Government Turnaround Strategy*. November 2009

## **Interviews**

Hlabane. 2010. (Chief Town Planner), at Bushbuckridge Local Municipality Offices. 14 July

Kolokoto, T. 2010. (Director of Local Economic Development, Bushbuckridge Local Municipality), at the Bushbuckridge Municipality Offices. 30 June

Makgwale, R. 2010. (Project officer: Truly African Solutions), at Urban Renewal Project Office. 22 June

Nyembe. 2010. (chairperson LED), at Bushbuckridge Local Municipality Offices. 14 July

Seshabela, L and Makgwale, R. 2010. (Project officers: Truly African Solutions), at Urban Renewal Project Office. 14 June

Seshabela, L. 2010. (Project officer: Truly African Solutions), at Urban Renewal Project Office. 17 June

Sikolane, A. 2010. (Office of the IDP Manager), at the Bushbuckridge Local Municipality Offices. 12 July

Van Rooyen, E.J. 2011. (Professor in Public Management), at Tshwane University of Technology. 11 January